



Department of Homeland Security



United States Coast Guard



FY 2005 Report

FY 2004 Performance Report • FY 2006 Budget in Brief

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2005 REPORT

FY 2004 Performance Report

FY 2006 Budget in Brief

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An Average Day in the Coast Guard

Each day, the men and women of the 39,000 active duty, 7,000 civilian employees, 8,100 Reservists and 37,000 Auxiliarists provide the following services...

Maritime Safety

- ◆ Save 15 lives
- ◆ Assist 117 people in distress
- ◆ Conduct 90 SAR cases
- ◆ Auxiliarists conduct 317 vessel safety checks and teach 63 safe boating courses.
- ◆ Process 280 seaman licenses and documents.
- ◆ Protect \$2,827,397 in property

Maritime Mobility

- ◆ International Ice Patrol sorties provide ice safety information to facilitate 1,128,235 tons of cargo shipped daily during the North Atlantic ice season
- ◆ Assist 12 vessels carrying bulk raw materials and fuel products in ice conditions during winter. Each vessel carries an average cargo of 31,248 tons or 60,000 barrels, valued at \$1.5 million per load
- ◆ VTS controllers assist 2,557 commercial ships entering and leaving port
- ◆ Investigate 20 vessel casualties involving collisions, allisions, groundings or fires.

Protection of Natural Resources

- ◆ Conduct 19 commercial vessel safety exams and issued 7 fishing vessel compliance decals.
- ◆ Respond to 11 oil/chemical/HAZMAT environmental pollution incidents totaling 2,181 gallons.
- ◆ Open 27 activities for marine violation of federal statutes.

Maritime Security

- ◆ Board 4 high interest vessels
- ◆ Enforce 129 security zones
- ◆ LE teams board 192 vessels
- ◆ Seize 71 pounds of marijuana and 662 pounds of cocaine worth \$21,095,890
- ◆ Cutter and small boat crews interdict and rescue 30 illegal migrants
- ◆ Board 122 large vessels for port safety/security checks
- ◆ Conduct 23 waterfront facility safety or security inspections.

National Defense

- ◆ Provide six patrol boats, port security unit and four law enforcement teams in support of Operation Iraqi Freedom
- ◆ Provide four cutters in support of Theater Security Operation



THE COMMANDANT OF THE UNITED STATES COAST GUARD WASHINGTON, D.C. 20593-0001

February 1, 2005

Over the past two years, the Department of Homeland Security and the Coast Guard, with the support of the President and Congress, have made significant strides to better secure our homeland. However, some maritime safety and security gaps remain, leaving our nation vulnerable to potentially catastrophic acts of terrorism, unlawful exploitation or other maritime mishaps. A high-speed boat attack, like the one that struck USS COLE in 2000, or damage to key economic and strategic infrastructure, or a terrorist using a ship as a weapon of mass effect unfortunately is still a threat.

The President developed the National Strategy for Homeland Security and directed the development of a National Strategy for Maritime Security to reduce these vulnerabilities. Collectively, these strategies focus on enhancing current capabilities with the imperative to increase our awareness of activities occurring in the maritime domain ("Maritime Domain Awareness"), build and oversee enhanced security standards for ships and ports, and improve operational presence and response posture throughout ports, coastal areas and ocean approaches.

To best position the Coast Guard to implement the President's strategies, and reduce vulnerabilities within the U.S. Maritime Domain the Coast Guard's FY 2006 budget requests funds for the following:

- **Implement the Maritime Strategy for Homeland Security:** Continue actions to secure our maritime ports from hostile acts unlawful exploitation, protect critical infrastructure in the maritime domain, expedite response and recovery from disruptive events and implement global security standards.
- **Recapitalize the Coast Guard:** Continue the urgently needed recapitalization of our operational assets, including the Integrated Deepwater System. Deepwater brings essential capabilities to the Coast Guard's major surface and air assets.
- **Enhance Mission Performance:** Innovatively leverage the Coast Guard's unique blend of authorities, capabilities, competencies and partnerships to accomplish our stated performance goals in the post-September 11th environment.

A key means to reduce America's risks in the maritime domain over the long term is the implementation of the Deepwater Program, which will recapitalize the Coast Guard fleet, and introduce much needed surveillance, detection/clarification, intercept, interdiction and command and control capabilities. In the near term, the existing Coast Guard fleet of boats, cutters and aircraft must be sustained so as to keep them "on target" performing the vital daily missions that keep our country safe, secure and prosperous. Without funding to recapitalize aging and obsolete Coast Guard assets, while concurrently sustaining our legacy assets, the nation would suffer a loss of maritime security capability at the exact time the nation needs it most. This budget addresses that concern by providing \$966M for the Integrated Deepwater System, while also meeting priority maintenance requirements of our 30-40 year-old assets.

The President's fiscal year 2006 budget provides strong support for the U. S. Coast Guard by requesting more than an 11% increase in funding over the comparable fiscal year 2005 funding level. This will allow for improved performance across all Coast Guard mission-programs, advance critical acquisition projects, and commence new initiatives aimed at closing critical gaps in our Nation's maritime safety and security.

A handwritten signature in black ink, appearing to read "T. H. Collins".

T. H. Collins
Admiral, U.S. Coast Guard

Providing Essential Services

In 2004, Americans. . .

Knew that defense of the homeland from terrorism
was one of the Coast Guard's primary missions.

Bought 849,000 recreational boats.
Took to the water for a day of fun in 17 million boats.
77 million adult boaters spent \$30.1 billion on boats, motors, trailers and accessories.

Lost over 22,000 lives to drug abuse.
Spent more than \$64 billion to purchase illegal drugs
Lost \$181 billion in costs relating to drug abuse.

Harvested 5.2 million tons of fish and employed 520,000 in the commercial
and recreational fishing industry that had a \$60 billion impact on the economy.

Shipped over 327 billion gallons of oil in vessels on waterways throughout the U.S.
Employed over 1.5 million people in maritime and port industries.
Operated cruise ships capable of carrying 7.5 million passengers.
Moved 3.5 billion tons of domestic cargo on U.S. navigable waters.

Enjoyed worldwide free trade made possible by freedom of the seas.
Relied on peacekeeping and partnerships to maintain peace around the world.

In 2004, the Coast Guard. . .

Conducted more than 36,000 port security patrols, 6,900 air patrols,
and 19,000 security boardings. Escorted over 7,200 vessels.

Maintained more than 115 security zones.

Received approximately 3,000,000 volunteer hours from the Coast Guard Auxiliary.

Saved the lives of nearly 5,500 mariners in distress and responded
to more than 32,000 calls for rescue assistance.

Conducted more than 115,800 recreational vessel safety checks.

Conducted 10,000 foreign commercial vessel boardings.

The Auxiliary conducted 20,000 inspections on commercial vessels.

Prevented more than 376,000 pounds of illegal narcotics from reaching the U.S.

Interdicted nearly 11,000 undocumented migrants attempting to enter the country illegally by sea.

Boarded more than 4,500 fishing vessels to enforce safety
and fisheries management regulations.

Partnered with federal and state agencies to enhance protection to Marine Protected Species.

Conducted more than 3,000 inspections aboard mobile offshore drilling units.

Responded to 23,904 reports of water pollution or hazardous material releases.

Ensured more than 1 million safe passages of commercial vessels through congested harbors.

Maintained more than 50,000 federal aids to navigation
along 25,000 miles of maritime transportation.

Dispatched several assets and personnel for four months as part
of U.S. efforts to stabilize Haiti after the departure of President Aristide.

Provided 99.0% availability of Differential Global Positioning System coverage
to over 95,000 miles of U.S. waterways.

Responded to and corrected 13,118 aids to navigation discrepancies.

Provided 99.7% availability of Loran coverage to U.S. waterways,
air navigation, and the national timing infrastructure.

Continued support to Operation Iraqi Freedom,
deploying numerous Coast Guard assets and personnel.

AMERICA'S Shield of Freedom

Since 1790, the Coast Guard has been America's maritime "First Responder"... seagoing police, fire fighters, rescuers, and coastal defender. The Coast Guard's motto is "**Semper Paratus**"...*Always Ready*...patrolling river systems, ports, coastlines, and the high seas. Serving as the nation's first line of defense, the Coast Guard prevents threats from reaching the nation and responds to any maritime event.

From 1915, when the Coast Guard was established as an armed service by law, it has been a **maritime, military, multi-mission service** possessing a unique blend of humanitarian, law enforcement, regulatory, diplomatic, and military capabilities. While the traditional missions remain at the heart of operations, the Coast Guard has adapted once again to meet the maritime homeland security threats that face the nation. With over 95,000 miles of coastline, 361 ports, over 10,000 miles of navigable waterways, and 3.4 million square miles of Exclusive Economic Zone, the requirement for a modernized and robust Coast Guard is necessary to protect American citizens, the economy, and infrastructure that have become symbols of a great democracy.

The Coast Guard's future operating environment will be marked by both traditional and unfamiliar security threats to national borders, marine resources, safe and efficient commerce, and conventional concepts of sovereignty. The strategic context in which we have operated since the September 11th attacks demands a quantum leap in service and performance. The threat to our maritime borders is real, it is substantial, and it is lasting. Collective efforts to increase operational presence in ports and coastal zones will be critical to providing a robust defense-in-depth, as well as continuing to provide non-homeland security services. Every influx of illegal migrants provides a potential conduit for terrorists and others intending to harm our citizens and our economy. Profits from illegal narcotics finance terror and other worldwide criminal enterprises and destroys the social fabric of our cities and suburbs.

The Coast Guard must ensure that it is ready to act as the supporting or supported military commander during times when of homeland defense and security is required. The Coast Guard has been involved in every major U.S. military action since 1790. Proud of its expeditionary capability, the Coast Guard is providing forces in support of Operation IRAQI FREEDOM. The world's oceans are global thoroughfares. A cooperative international approach involving partnerships of nations, navies, coast guards, law-enforcement agencies, and commercial shipping interests is essential—with all parties acting collaboratively to confront broadly defined threats to our common and interdependent maritime security.

The maritime environment is massive, complex, and unforgiving, and the Coast Guard is responsible with preserving safety of life at sea through prevention, response, and investigation programs. The Coast Guard



has a storied and rich tradition in maritime Search and Rescue (SAR). Regardless of the challenges presented by the sea, the Coast Guard is always “on-call” with the assets, trained personnel, and expertise to save mariners and property in peril. Additionally, marine-related commercial accidents cost marine industries over \$1 billion per year, not including the devastating impacts of lost lives and environmental damage. Through extensive regulatory programs, including Port State Control, the Coast Guard provides a rigorous safety enforcement program. In addition to protecting people from the sea, the Coast Guard protects the sea from people. America’s waters and ecosystems are vital to the health, well-being and economy of the nation. Containing one-fifth of the world’s fishery resources worth over \$30 billion annually, the Coast Guard actively protects sensitive marine habitats, marine mammals, endangered marine species, and enforces laws to protect against the unlawful discharge of oil and hazardous materials. The Coast Guard is also the leading force for providing a safe, efficient marine transportation system. Whether servicing Aids to Navigation, providing pilotage information through Vessel Traffic Services, or regulating vessel safety standards, the Coast Guard protects a national ports and waterways system that supports over two billion tons of foreign and domestic goods annually.

Additional Coast Guard capability, capacity and enhanced mission performance will be delivered in FY 2006 through the funding of several critically important investments. The Integrated Deepwater System (IDS), a project to replace the Coast Guard’s legacy fleet with more capable cutters and aircraft, will more effectively execute both our homeland and non-homeland security missions via a cutting-edge system of surveillance and command and control that will push the borders outward, allowing us to detect threats further from our shores. Rescue 21, a quantum leap forward in coastal command, control and distress communications technology, will significantly enhance Search and Rescue as well as Ports, Waterways and Coastal Security missions. The Response Boat-Medium (RB-M) will begin replacing the aging 41-foot Utility Boat, an essential operational platform for Search and Rescue and Ports, Waterways and Coastal Security missions. Continued implementation of Airborne Use of Force (AUF) will greatly enhance the Coast Guard’s ability to execute homeland security missions. AUF has provided a capability that has resulted in 57 interdictions and the seizure of over \$4B worth of drugs, demanding the need to provide AUF capability throughout our organic helicopter fleet as quickly as possible. Furthermore, additional Maritime Patrol Aircraft (MPA) resources will enhance MDA by narrowing known surveillance gaps and providing critical intelligence, detection, and reconnaissance information to the Common Operational Picture necessary to identify, stop and detain maritime security threats far offshore, away from our borders, ports and critical infrastructure.

Americans still look to Coast Guardsmen and women as our brave rescuers on the seas. We depend on your vigilance in the fight against drug smuggling, and as the front-line agents for enforcing our maritime law. We rely on your skill in protecting the environment and fisheries, and tending to navigational aids. And now, as enemies continue to plan attacks against the United States, your fellow citizens are counting on you to help protect and secure our homeland.

**—Vice President Cheney,
May 2004**

As you well know, the Coast Guard has a long history of defending our nation—reaching back to 1790. And yet, here we are—more than 200 years later—and your unique maritime capabilities continue to provide an indispensable service to your country. The American people are especially grateful for the extraordinary protection you provide.

—Secretary Tom Ridge

Homeland Security

The events of September 11, 2001 demand a new level of operations specifically directed against terrorism without degrading other critical missions. Recognizing safety and security as two sides of the same coin, the Coast Guard will establish a new benchmark of maritime security operations while continuing to fully leverage the synergies inherent in its military, multi-mission, maritime character.

The Coast Guard's operational forces, exercising the service's broad legal authority, secure the maritime borders and ports by keeping out those who mean to do harm, closely monitoring who and what is coming into and out of the country, and observing and managing maritime activity. The Coast Guard must fully exercise its military, multi-mission, maritime character to bring its capabilities and capacities to bear against the new threat, while carrying out all other missions in a responsible, balanced way.

The U.S. relies heavily on moving the vast majority of trade through the marine transportation system. The growth in maritime traffic, increasing diversity of maritime users, and increased security requirements necessitate an expanded and integrated maritime security program. Based on our experience with strategic risk assessment and scenario-based planning, the Coast Guard is working with public and private sector stakeholders to develop a comprehensive *National Strategy for Maritime Security* as directed by the President. The strategy is intended to ensure the facilitation of global commerce and preservation of the freedom of the seas for legitimate military and commercial navigation. Success will rely on developing and leveraging partnerships, including the comprehensive sharing of information, in order to minimize the seams and weaknesses adversaries seek to exploit.

As the nation's lead federal agency for maritime security, the President's FY 2006 budget continues to build capabilities designed to reduce maritime security risks. Each of these capabilities represents critical investments in leveraging the broad maritime authorities and competencies of the Coast Guard. Coast Guard activities from security zone enforcement, vessel escorts to security boardings in the nation's ports and on the high seas are targeted to specifically mitigate maritime risks. The Coast Guard's unique combination of authorities and competencies coupled with its membership in the military, intelligence, and law enforcement communities all have a broad and substantial influence on the successful mitigation of maritime risks.

Guiding the Coast Guard's efforts are four pillars of policy and resource investment that support national strategies and help leverage the gains made since 9/11.

- ◆ **Enhance Maritime Domain Awareness (MDA).** Design and implement an MDA capability that provides integrated afloat, ashore, and airborne Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR).
- ◆ **Build and administer an effective Maritime Security Regime.** Shape the maritime security environment to effect a reduction of threats and vulnerabilities and to mitigate consequences of maritime security incidents. Establish and oversee domestic and international security standards for ships and ports.

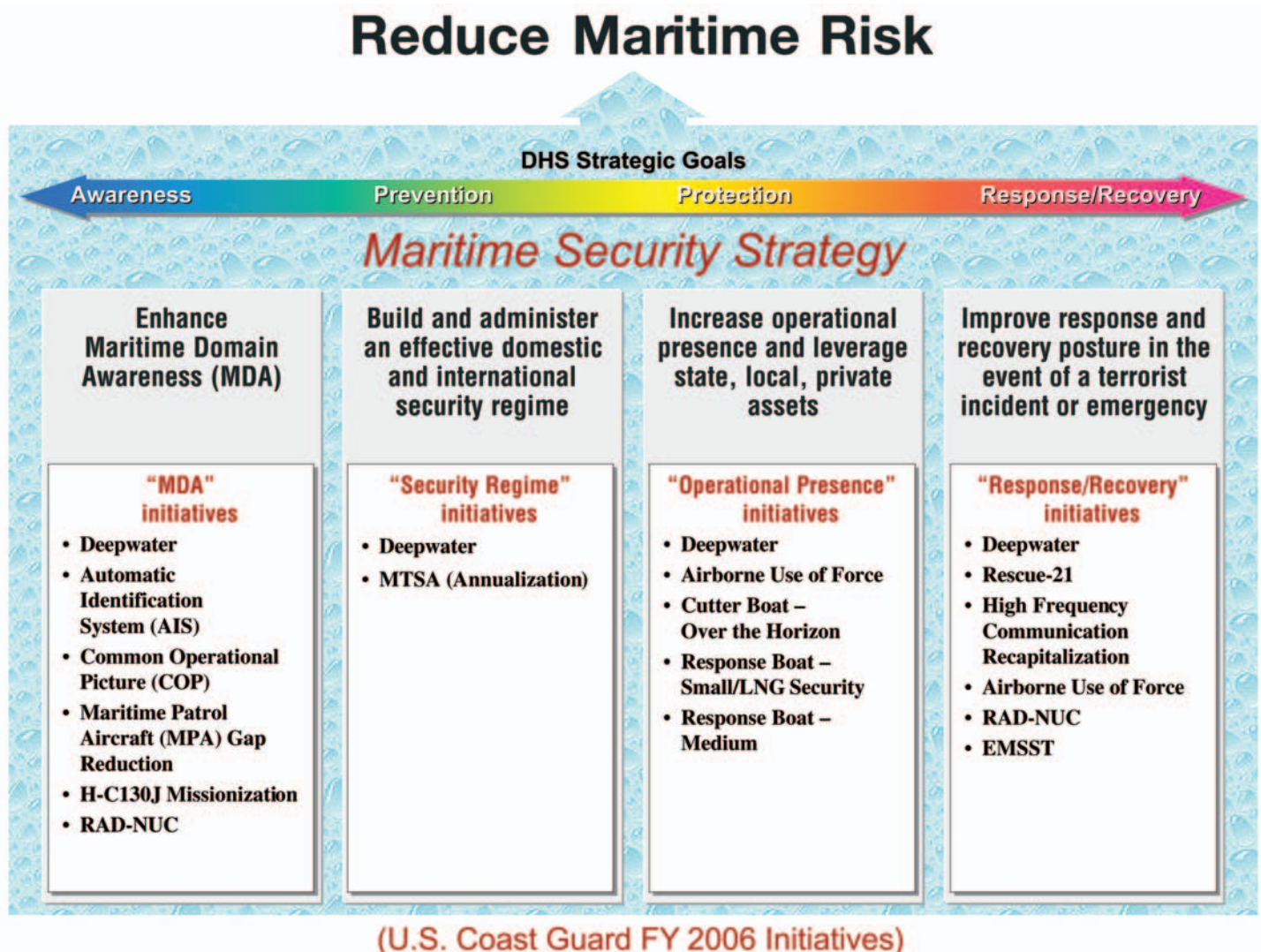


- ◆ **Increase Operational Presence.** Implement a layered defense intended to thwart maritime security threats as far from U.S. shores as possible; organize and sustain a public-private sector partnership while increasing international cooperation.
- ◆ **Improve Response Posture.** Establish and maintain enhanced maritime security readiness, including layered maritime security operations for selective area control and denial, heightened levels of emergency preparedness, and targeted response to the threat of terrorism.

Every citizen can be grateful that the Coast Guard stands watch for America.

—President Bush
May 21, 2003

The diagram below portrays the linkages of our four pillars (with supporting assets and initiatives) to our Maritime Security Strategy, and further to DHS Strategic Goals and the National Strategy to Reduce Maritime Risk.



Integrated Deepwater System (IDS)

The Coast Guard's strategic approach to maritime homeland security places a premium on identifying and intercepting threats well before they reach U.S. shores. This approach necessitates giving Coast Guard crews multiple opportunities to prosecute potential threats in a layered defense extending across the entire maritime domain of domestic waters, border and coastal areas and the high seas and foreign ports. To effectively provide layered defense, the service needs more capable assets with new technology for better surveillance, secure communications and more efficient command and control – and that is what the Integrated Deepwater System (IDS) is designed to provide.

The Ports, Waterways and Coastal Security mission requires that the IDS provide layered defense, not only ensuring that national economic and environmental regulations are enforceable throughout our exclusive economic zone (EEZ), but proactively providing forward security presence at sea, far away from our shores whenever possible. The System-of-Systems IDS design is intended to improve the capability to detect, intercept, and interdict potential threats in the maritime domain using a layered defense of major cutters, patrol boats, helicopters, unmanned aerial vehicles (UAV) and maritime patrol aircraft all connected using a single command and control architecture. The further away from our shores that these threats are interdicted, the safer the country will be.

The importance of sustaining, and in many cases enhancing, the performance and capability of the various, multi-mission assets that comprise the IDS, allowing the Coast Guard to establish a broader layered defense critical to MDA, has been identified as a key element of a successful Homeland Security strategy.

The Coast Guard's level of effort for Homeland Security missions has increased radically since September 11th, straining resources and putting pressure on the Service's other missions. The Coast Guard's Homeland Security missions will be well served by engaging potential threats offshore and away from US ports. However, the Coast Guard's fleet is aging and becoming obsolete. The Deepwater Program will solve this problem.

A number of current ship and aircraft readiness issues highlight our problem of an aging, nearly obsolete fleet, and the subsequent impact on mission effectiveness:

- ◆ HH-65 helicopter in-flight engine power losses occurred at a rate of 329 mishaps per 100,000 flight hours in FY 2004. This is up from a FY 2003 rate of 63 mishaps per 100,000 flight hours. The comparable FAA acceptable standard for a mishap of this severity is approximately 1 per 100,000 flight hours. Immediate re-engining of the HH-65 fleet is necessary to return this mainstay of the Coast Guard's aircraft inventory to safe and reliable operations. The engine loss rate has resulted in flight and operational restrictions and high levels of risk to our aircrews. This effort will remain the Coast Guard's highest legacy asset priority until every Coast Guard HH-65 aircrew is flying safely in a re-engined aircraft.

Did you know?

The Coast Guard...

Operates 47% of all DHS aircraft and accounts for 57% of all DHS flight hours.

Patrol boat and major cutter fleet is the only offshore surface patrol and response capability for DHS.

An Investment in Coast Guard capability is an investment in Homeland Security.

Deepwater will...

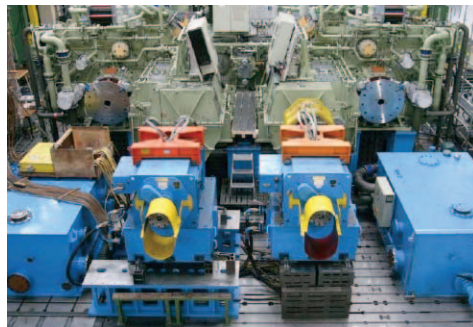
Refurbish or replace every Coast Guard operational aircraft and deliver 80% more flight hours.

Replace 110-foot patrol boats and all medium (210, 270) and high (378) endurance cutters.

- ◆ The 378-foot High Endurance Cutter (WHEC) fleet averages one main space casualty, with the potential to escalate to an uncontrolled main space fire, on every patrol. Three out of a total class of twelve ships have recently missed operations due to unscheduled maintenance required for failing sub-systems. USCGC DALLAS operated in a war zone for three months with only one functional main diesel engine. The FY 2006 budget request address these WHEC maintenance issues by funding the maintenance requirements as operational expenses at necessary standard support levels.
- ◆ WHECs and Medium Endurance Cutters (WMECs) are experiencing sub-system failures due to old and unserviceable systems. The total number of unscheduled maintenance days for the major cutter (>210ft) and the 110' Patrol Boat fleet has skyrocketed from 267 days in Fiscal Year 1999 to 676 days in Fiscal Year 2003 to **742 days in Fiscal Year 2004 (175% increase over FY99)**. Extended shipyard availabilities to address priority maintenance issues are included in the FY 2006 IDS budget request.

The enduring solution to both legacy system maintenance and capability gaps is replacement of the current ships' and aircraft and associated C4ISR systems in the fleet. The Integrated Deep-water System project has made significant progress toward this end. Selected highlights include:

- ◆ Fabrication of the IDS flagship, the Maritime Security Cutter, Large (WMSL) was started in September 2004. The first of this new cutter class is scheduled for commissioning in 2007.



WMSL Diesel Engines
Input Shafts Looking Forward

- ◆ Design work continues on the Maritime Security Cutter, Medium (WMSM, formerly known as the Offshore Patrol Cutter) and the Maritime Patrol Coastal (WPC, formerly known as the Fast Response Cutter), which are the other new major surface assets that will be delivered by the IDS project. The Coast Guard's FY 2006 budget requests funding to complete vessel design and purchase long-lead materials for the first WMSM. The WPC is currently under design.



Maritime Security Cutter,
Medium (WMSM)

"With 9/11 came the imperative to identify and reduce security gaps in the maritime sector. It is essential that we get this right....the maritime sector is one of the most valuable and vulnerable components of our transportation system."

—Admiral
Thomas H. Collins
Commandant, USCG

Integrated Deepwater System (IDS)—Continued

The first four upgraded and converted 123-foot Maritime Patrol Boats (WPBs) have been delivered and four additional craft are being upgraded.

The first re-engined HH-65 aircraft was delivered to the Coast Guard in September 2004. The HH-65 Delivery Task Order was signed on 17 September 2004. Not only will the re-engining provide for a safer, more powerful aircraft, but it will also allow us to add an augmented use of force capability to it. With funding requested in the FY 2006 budget, the Coast Guard's plan is to re-engine all operational HH-65s by the end of 2006.



Test flight of the first HH-65 to be re-engined (prior to painting its classic orange)



VTOL Unmanned Aerial Vehicle (VUAV)

In March 2004, the Eagle Eye VUAV successfully completed its preliminary design review (PDR) and its critical design review (CDR) in January 2005. Bell Helicopter, Textron Inc., was awarded a contract to commence concept and preliminary design work for its Eagle Eye tiltrotor, vertical takeoff-and-landing unmanned aerial vehicle (VUAV) during the first phase of the UAV portion of the Deepwater program. Follow-on efforts will see Bell design, develop, and build prototype Eagle Eye VUAVs for testing. Delivery of the first VUAVs for testing and evaluation is anticipated in 2005.

Deepwater's system for C4ISR (command, control, communications, computers, intelligence, surveillance, intelligence, and reconnaissance) will bring important new capabilities to the fleet, serve as a force multiplier, and be a critical enabler for maritime domain awareness. Deepwater's C4ISR domain also has marked several important milestones since the time of contract award. The Increment 1 Critical Design Review (CDR) was completed successfully in December 2004, enabling the C4ISR system's entry into production for the WMSL and other assets. Further, in 2004 several significant milestones in C4ISR upgrades to legacy ships and shore stations were completed. The upgrades to all the 378' WHECs and 270' WMECs were completed as well as the upgrade to the Communications Area Master Station Pacific (CAMSPAC) facility at Point Reyes, CA.

The FY 2006 budget further provides funding for new assets and their associated maritime security capabilities while sustaining, enhancing and increasing the useful life of legacy assets. Specifically, the FY 2006 Deepwater funding level of \$966M will fund:

- ◆ Production of the third Maritime Security Cutter, Large;
- ◆ Design and long-lead materials for the first Maritime Security Cutter, Medium;
- ◆ Completion of six legacy Medium Endurance Cutter mission effectiveness projects;
- ◆ Testing and evaluation of the first Maritime Patrol Coastal cutter;
- ◆ Acquisition of unmanned aerial vehicles;
- ◆ Re-engining HH-65s (short-range helicopter) to eliminate safety and reliability issues and restore operational effectiveness of these critical aircraft;
- ◆ Enhancing legacy fixed- and rotary-wing aircraft capabilities through recapitalization of avionics and radar systems;
- ◆ Developing the command and control system for the Common Operating Picture (COP); and
- ◆ Continuing development of an integrated logistics system for deployment to shore sites.

Budget Highlights

The Coast Guard's Fiscal Year (FY) 2006 budget priorities highlight our unique blend of authorities, capabilities, competencies, and our extensive partnerships with both domestic and international maritime stakeholders to enhance our collective capacity, reduce maritime security risks and prevent terrorist attacks. The Fiscal Year 2006 budget priorities, listed below, are essential to meeting present and future mission demands and pursuing the Department of Homeland Security's Strategic Goals:

- ◆ **Recapitalize The Coast Guard:** Continue the urgently needed recapitalization of our cutters, boats, aircraft and support infrastructure to reverse declining readiness trends and enhance operational capabilities to meet today's maritime safety and security threats.
- ◆ **Implement the Maritime Strategy for Homeland Security:** Continue actions to secure our maritime ports and implement global security standards in the United States through increased operational presence, robust response posture, and comprehensive awareness of activities within the maritime domain.
- ◆ **Enhance Mission Performance:** Innovatively leverage the Coast Guard's unique blend of authorities, capabilities, competencies and partnerships to accomplish our stated performance goals in the post-9/11 environment.

Recapitalize the Coast Guard:

- ◆ **Deepwater** (\$966M) – The Coast Guard's greatest threat to mission performance continues to be the fact that our aircraft, cutters, boats, and supporting communication systems are aging and becoming technologically obsolete. The Fiscal Year 2006 budget provides \$966 million for Deepwater, a program that will transform the Coast Guard and enhance capabilities to meet current and future mandates through system-wide recapitalization and modernization. The Fiscal Year 2006 Deepwater request enables:
 - Production of the third Maritime Security Cutter, Large;
 - Funding of design and purchase of long lead material for the first Maritime Security Cutter, Medium;
 - Completion of six legacy Medium Endurance Cutter mission effectiveness projects;
 - Testing and evaluation of the first Maritime Patrol Coastal Cutter;
 - Acquisition of unmanned aerial vehicles;
 - Re-engining HH-65s (short-range helicopter) to eliminate safety and reliability issues and restore operational effectiveness of these critical aircraft;
 - Enhancement of legacy fixed and rotary wing aircraft capabilities through recapitalization of avionics and radar systems;
 - Development of the Command and Control System for the Common Operating Picture (COP) and
 - Continued development of an Integrated Logistics System for deployment to shore sites.
- ◆ **Response Boat-Medium** (\$22M) – continues acquisition into the low-rate initial production phase providing approximately 12 boats.
- ◆ **Shore Infrastructure** (\$39.7M) – funds critical projects such as the Coast Guard Academy Chase Hall Barracks rehabilitation, Group/Marine Safety Office Long Island Sound building replacement, and construction of a breakwater to protect boats and mooring facilities at Coast Guard Station Neah Bay.
- ◆ **High Frequency (HF) Communications System** (\$10M) – starts recapitalization of this operationally critical but failing HF communications system.

Implement Maritime Strategy for Homeland Security:

The Coast Guard is moving forward with implementation of the Maritime Strategy for Homeland Security, which consists of four key elements – 1) Enhance Maritime Domain Awareness (MDA); 2) Build and administer an effective domestic and international security regime; 3) Increase operational presence, and 4) Improve response and recovery posture. Implementing this Strategy is critical to prevent terrorist attacks and reduce America's vulnerabilities within the U.S. maritime domain. The FY 2006 budget advances implementation of all four elements of the Strategy:

- ◆ **Enhance MDA (Key Element #1)** – Consistent with the 9/11 Commission recommendations, the FY 2006 budget furthers the Department's efforts to implement comprehensive MDA critical to developing an integrated border and port screening system capable of identifying threats long before they reach our ports. FY 2006 initiatives include:
 - **Automatic Identification System (AIS)** (\$29M) – continues deployment of nationwide AIS throughout regional Coast Guard command centers.
 - **Maritime Patrol Aircraft (MPA)** (\$16.5M) – provides additional MPA resources to fill documented flight hour gaps in support of detection, surveillance and tracking activities.
 - **Common Operational Picture (COP)** (\$5.7M) – deploys COP throughout Coast Guard command centers nationwide to fuse surveillance and tracking information from MDA systems such as AIS, Rescue 21, and Ports and Waterways Safety System (PAWSS).
 - **Radiological-Nuclear (Rad/Nuc) Detection and Response** (\$7M) – consistent with the President's Proliferation Security Initiative (PSI), this initiative increases the ability of Coast Guard cutters and Maritime Safety and Security Teams to detect Rad/Nuc materials to prevent proliferation in support of terrorist operations; and respond to incidents involving release of Rad/Nuc substances.
- ◆ **Build and administer an effective domestic and international security regime (Key Element #2)**
 - The FY 2006 budget ensures continued robust enforcement of the Maritime Transportation Security Act of 2002, a critical step in ensuring the security of our ports and protecting our nation's economic security through domestic and international maritime security efforts.
- ◆ **Increase operational presence and response and recovery posture (Key Elements # 3 and 4)**
 - The Coast Guard's FY 2006 budget provides funding to further efforts, in cooperation with state and local authorities and appropriate private sector entities, to increase operational presence in ports and coastal zones critical to providing a robust and effective layered defense:
 - **Airborne Use of Force (AUF)** (\$19.9M) – accelerates deployment of organic AUF capability to five additional Coast Guard Air Stations, increasing the ability to respond to maritime security threats.
 - **Enhanced Cutter Boat Response** (\$10.1M) – replaces existing obsolete and unstable cutter boats on the entire High Endurance Cutter and Medium Endurance Cutter (WHEC/WMEC) fleet with the more capable Cutter Boat—Over the Horizon. This platform nearly doubles the speed of the existing cutter boat, increases secure communication capabilities, and when used in conjunction with AUF capability has a 98% success rate in stopping suspicious vessels.
 - **Increase Port Presence and Liquefied Natural Gas (LNG) Transport Security** (\$11M)
 - provides 14 additional Response Boat-Small (RB-S) and associated crews to increase critical infrastructure patrols, security zone enforcement, and high interest vessel at strategic ports throughout the nation. Provides additional boat crews and screening personnel at key LNG hubs such as Baltimore, MD and Providence, RI to enhance LNG tanker and waterside security.

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- **Enhanced Maritime Safety and Security Team (E-MSST)** (\$20.8M base funding reallocation) – reallocates existing Coast Guard resources to immediately fill an existing gap in broad national maritime Law Enforcement and Counter-Terrorism (LE/CT) capability. Permanent establishment of E-MSST Chesapeake, VA will provide an offensive DHS force able to execute across the full spectrum of LE and CT response in support of homeland security and homeland defense objectives, including CT response capability for scheduled security events out to 50 nautical miles from shore and augments to interagency assets in high visibility venues such as National Special Security Events (NSSEs).

Enhance Mission Performance:

The FY 2006 budget provides funding for several initiatives that will yield increased performance across multiple Coast Guard missions:

- ◆ **Rescue 21** (\$101M) – continues implementation of Rescue 21 – recapitalization of the National Distress and Response System – vastly improving coastal command and control communications and interoperability with other agencies, resulting in greater capability to monitor international VHF-FM distress frequencies.
- ◆ **Great Lakes Icebreaker (GLIB)** (\$13.4M) – provides funding to operate and maintain the new GLIB scheduled to be commissioned in FY 2006, greatly enhancing the Coast Guard's ability to conduct essential icebreaking activities and maintain aids-to-navigation to facilitate maritime commerce and to prevent loss of life, personal injury, and property damage on the navigable waters of the Great Lakes.
- ◆ **Maritime Law Enforcement School** (\$2.2M) – enhances law enforcement training through co-location with the Federal Law Enforcement Training Center, increasing Coast Guard law enforcement training and promoting better coordination among field activities with other Federal, State, and local agencies.
- ◆ **Polar Icebreaking Funding Transfer** (-\$47.5M) – shifts base funding for the two Polar Class icebreakers (USCGC POLAR SEA and USCGC POLAR STAR) and the USCGC HEALY to the National Science Foundation. The National Science Foundation is the resident agency with responsibility for the U.S. Antarctic Program. Under this arrangement, the National Science Foundation will reimburse the U.S. Coast Guard for maintenance and operation of the polar icebreaking fleet.

The Coast Guard's FY 2006 budget also seeks to innovatively drive down organizational costs and identify savings for re-investment in our highest priorities. The following FY 2006 initiatives will achieve such organizational efficiencies:

- ◆ **Decommission 85' Fast Patrol Craft** (-\$1.5M) – Decommissions Coast Guard's only 85-foot Fast Patrol Craft (FPC). Despite the FPC's usefulness for specific homeland security missions, it is not an ideal multi-mission asset. It has been used for sea marshal delivery, high-speed vessel escorts, and larger security zone enforcement, but it is unable to effectively conduct search and rescue and law enforcement missions due to the limitations of the small boat launch and recovery system.
- ◆ **Naval Engineering Efficiencies** (-\$9M) – This initiative is an extension of the Coast Guard's continuing effort to maximize the efficiency by which we expend our legacy asset base maintenance and recapitalization funding. The savings generated reflect the efficiencies gained by reducing overhead expenditures/positions within the naval engineering community (primarily the Engineering Logistics Center and the CG Yard) while realigning their workforce skills mix to more efficiently and effectively complete the Medium Endurance Cutter mission effectiveness project.


Annual Performance Goals

The U.S. Coast Guard is a **military, maritime, multi-missioned** service, charged with reducing America's risk throughout the maritime domain while also maximizing accessibility to the economic and recreational benefits of our Nation's waterways. Coast Guard Mission-Programs are aligned with the Department of Homeland Security's strategic goals and we are continuing to balance the requirements of all missions to ensure the best overall service to the American people. The Coast Guard continues to use outcome-oriented performance goals and measures (lagging indicators) to report past performance, while we are establishing leading indicators and improving measurement guidance and measurement effectiveness across the organization.

The Coast Guard works closely with the Department of Homeland Security (DHS) and the Office of Management and Budget (OMB) regarding the implementation of the **President's Management Agenda** (PMA). In addition to a quarterly assessment and reporting regimen associated with the PMA's six initiatives of Human Capital, Competitive Sourcing, Improving Financial Performance, E-Gov, Budget & Performance Integration and Real Property Management, the Coast Guard is currently preparing for its fourth consecutive year of **Program Assessment Rating Tool** (PART) reviews. These reviews, designed by OMB as a mutually supportive mechanism for implementing the PMA, have influenced a host of structural and managerial changes, as well as budget initiatives associated with improving performance in each of the Coast Guard's 11 mission programs. To date, eight mission programs—Search and Rescue, Aids to Navigation, Living Marine Resources, Marine Environmental Protection, Drug Interdiction, Other Law Enforcement (i.e. Foreign Fisheries/EEZ Enforcement), Migrant Interdiction, and Ice Operations have been reviewed in support of the Fiscal Year 2004, 2005, and 2006 budget cycles. The PART has fostered the identification of both specific

MISSION PROGRAMS AND ALIGNMENT WITH THE DEPARTMENT OF HOMELAND SECURITY

Consistent with Section 888 of the Homeland Security Act (HSA) of 2002 that lists the 11 Coast Guard missions, the Coast Guard declared—and DHS approved—those 11 missions as our programs. Shown in the table below, these Programs align with both DHS' strategic goals and our own five roles (defined in the USCG's Publication 1).

 DHS Strategic Goals	AWARENESS - Identify and understand threats, assess vulnerabilities, determine potential impacts, and disseminate timely information to our homeland security partners and the American public. PREVENTION - Detect, deter, thwart, and mitigate threats to our homeland. PROTECTION - Safeguard our people and their freedoms, critical infrastructure, property and the economy of our Nation from acts of terrorism, natural disasters and other emergencies. RESPONSE - Lead, manage, and coordinate the national response to acts of terrorism, natural disasters and other emergencies. RECOVERY - Lead national, state, local, and private sector efforts to restore services and rebuild communities after any act of terrorism, natural disaster or other emergencies. SERVICE - Serve the public effectively by facilitating legitimate trade, travel and immigration. ORGANIZATIONAL EXCELLENCE - Value our most important resource, our people. Create a culture that promotes a common identity, innovation, mutual respect, accountability, and teamwork to achieve efficiencies, effectiveness, and operational synergies.											
	DHS Goal Alignment with USCG programs											
	Prevention				Protection		Recovery		Response		Service	
			Service									
USCG Mission-Program	Marine Safety	Defense Readiness	Drug Interdiction	Migrant Interdiction	Ports, Waterways, and Coastal Security (PWCS)	Other Law Enforcement (LE)	Living Marine Resources	Marine Environmental Protection (MEP)		Search & Rescue	Aids to Navigation	Ice Operations
Measure	Maritime Fatalities and Injuries Index (five-year average)	% time USCG units achieve Navy SORTS readiness level 2	Cocaine Removal Rate	Interdiction or deterrence percentage by USCG on maritime routes	Final risk-based measure currently under development	Exclusive Economic Zone incursions by FFVs	Fishing regulations compliance percentage	Oil and Chemical Spills-to-Shipped Ratio (five year average of oil spills greater than 100 gallons and chemical spills per 100 million tons shipped)		Percent mariners' lives saved that were in imminent danger	Collisions, Allisions, Groundings (five-year average)	Winter Closures of Great Lakes Waterways
USCG Role	Maritime Safety	National Defense	Maritime Security			Protection of Natural Resources (PNR)			Maritime Safety	Maritime Mobility		

mission-program performance and enterprise-wide improvement opportunities. The move of the Coast Guard to DHS and its subsequent adoption of a multi-year performance budget has improved the development of outcome and efficiency measures, as well as refined multiple year targets.

The Coast Guard is implementing specific OMB PART recommendations regarding the use of **independent program evaluations** for improving performance and efficiency, and teamed with the Center for Naval Analyses (CNA) in FY 2004 to conduct an evaluation of the migrant interdiction program. The results of CNA's evaluation were positive and influential in improving Coast Guard planning and measurement processes and associated data acquisition and reporting. The Coast Guard is pursuing the continuation of program evaluation partnerships in FY 2005.

To improve the future year resource planning, the Coast Guard is also conducting a **National Maritime Strategic Risk Assessment**. This is an organization-wide strategic assessment aimed at identifying and reducing risk in the maritime domain by examining each of the Coast Guard's Strategic Goals: Maritime Safety, Maritime Security, Maritime Mobility, Protection of Natural Resources and Defense Readiness. The assessment provided a national "snapshot" profile of maritime risk levels based on variables that included loss of life, marine casualties, economic disruption and maritime terror threats. Strategic solutions aimed at lowering areas of high risk have been identified, are being finalized and will inform the development of future budget themes – all geared toward forging a better link between performance and budgeting.



Coast Guard boarding team transferring an estimated two tons of cocaine from a suspect drug smuggling vessel.

"America counts on the Coast Guard to enforce maritime law, to secure our waterways and ports, to rescue those in distress, and to intercept illegal drugs. In this new century, we will count on you even more."

President George W. Bush

United States Coast Guard

Summary of FY 2004 Performance Goal Results

Mission-Program	Performance Goal	Year-End Results	Target Met?
Search & Rescue (SAR)	Save at least 85% of all mariners in distress	86.8%	Yes
Marine Safety	Reduce five-year average of maritime injuries and fatalities to 1,513 or less	See note ¹	Yes in 2003
Aids to Navigation (AtoN)	Reduce five-year average of collisions, allisions, and groundings (CAG) to 1,923 or less	1,876	Yes
Ice Operations	Limit closures to 2 days (average winter)	4 days	No
Marine Environmental Protection (MEP)	Reduce five-year average of oil and chemical spills greater than 100 gallons per 100 million tons shipped to 41 or lower	22.1	Yes
Living Marine Resources	Raise percent of fishers found in compliance with regulations to 97% or above	96.3%	No
Illegal Drug Interdiction	Remove 15% or more of cocaine entering the U.S. through maritime means	See note ²	
Undocumented Migrant Interdiction	Interdict or deter at least 87% of illegal migrants entering the U.S. through maritime means	87.1%	Yes
Other Law Enforcement	Reduce the number of detected EEZ incursions by Foreign Fishing Vessels to 195 or less	247	No
Ports, Waterways, & Coastal Security (PWCS)	Reduce risk in the maritime domain (measure currently under Departmental review)	Targets and measure under review	TBD
Defense Readiness	Maintain an Overall Combat Readiness SORTS rating of C-2 or better for 100% of assets	76% of assets maintained C-2 rating	No

Footnotes:

¹ **Marine Safety:** The MARITIME INJURIES AND FATALITIES INDEX includes a) maritime worker and commercial vessel passenger injuries and deaths, and b) recreational boating fatalities. In FY 2004, worker and passenger injuries and deaths totaled 582, below the sub-target of 771 for this portion of the overall Index. As recreational boating fatality data is collected and reported by the states on a calendar year basis, the CY 2004 data will not be available until Spring 2005. For FY 2003, the MARITIME INJURIES AND FATALITIES INDEX figure was 1,307 (597 FY 2003 maritime injuries and fatalities, 710 CY 2003 recreational boating safety deaths), favorably below the target of 1,543. The Coast Guard is working with the states to shift to a quarterly reporting method which will allow FY reporting of recreational boating fatalities.

² **Illegal Drug Interdiction** measure and targets were revised to COCAINE REMOVAL RATE beginning in FY 2004. The U.S. Coast Guard removed 324,647 lbs (242,235 lbs seized (a new record), 82,212 lbs jettisoned) of cocaine in FY 2004. FLOW RATE data that is developed by a select group of counter-drug experts—the Interagency Assessment of Cocaine Movement (IACM)—will not be published until late Spring of 2005. Once flow information for FY 2004 is known, the Drug program's lead performance measure for FY 2004—Cocaine Removal Rate—will be calculated and released.

The Coast Guard is also taking significant steps forward in leading and managing long-term change. **Evergreen** is a **scenario-based planning effort** to envision the future and systematically prepare for it. Coast Guard leaders visualized a 2025 “future-world” and developed five scenarios that are plausible extensions, or outcomes, of globally significant trends in demographics, resource utilization and management, technology, knowledge generation and distribution, economic integration, global instability and conflict, and the challenges of governance. The scenarios, and their impact on Coast Guard operations, were debated and senior leaders identified core strategies that will enable the Coast Guard to succeed in a variety of potential futures.

By communicating strategic intent, analyzing the difference between current and required Authorities, Capabilities, Competencies, and Partnerships, and then budgeting/investing to fund these initiatives, the Coast Guard intends to drive results-oriented performance. This work is aligned with DHS Planning, Programming, Budgeting and Execution (PPBE) guidance, the budget and performance initiative of the President’s Management Agenda (PMA), and is further supported by OMB initiatives such as the Program Assessment Rating Tool (PART).



“A Coast Guard C130 airplane and crew from Barbers Point, HI., delivered over 34,000 pounds of food January 17th, 2005 to the tsunami affected town of Jaffna, Sri Lanka. Four Coast Guard units from Air Stations Clearwater, Fla., Elizabeth City, N.J., Barbers Point, HI., and Sacramento, Calif., are currently deployed to Southeast Asia to deliver aid.”

Maritime Safety:

Our goal is to eliminate deaths, injuries and property damage associated with maritime transportation, fishing and recreational boating.

Search and Rescue

Search and Rescue (SAR) is one of the Coast Guard's oldest missions. Minimizing the loss of life, injury, property damage or loss by rendering aid to persons in distress and property in the maritime environment has always been a Coast Guard priority. Coast Guard SAR response involves multi-mission stations, cutters, aircraft and boats linked by communications networks.

The number of recreational and commercial marine users continues to increase as more Americans move to coastal areas and as global trade grows. Each year many mariners lose their lives, many more are injured, and billions of dollars of property are at risk. Since the 1700s, mariners have depended on the Coast Guard to provide rescue services in time of need. The Coast Guard is the sole government agency that has the expertise, assets, and around-the-clock, on-call readiness to conduct search and rescue (SAR) missions in all areas of the maritime environment. Annually, the Coast Guard responds to approximately 35,000 calls for assistance.

In FY 2004 SAR performance exceeded the current performance goal of rescuing at least 85% of mariners in imminent danger (FY 2004 results: 86.8% mariners rescued). This level reflects the results of continuous improvements in responding resources, doctrine, communication and detection systems—the "response" side of the Coast Guard Strategic Goal of Maritime Safety. Through the sustained efforts on the "prevention" side - improving commercial vessel and recreational boating safety through the Marine Safety mission-program, the Coast Guard works to reduce the number of people who become endangered at sea and better prepare those who do become endangered to notify rescue forces and sustain themselves until rescue arrives.

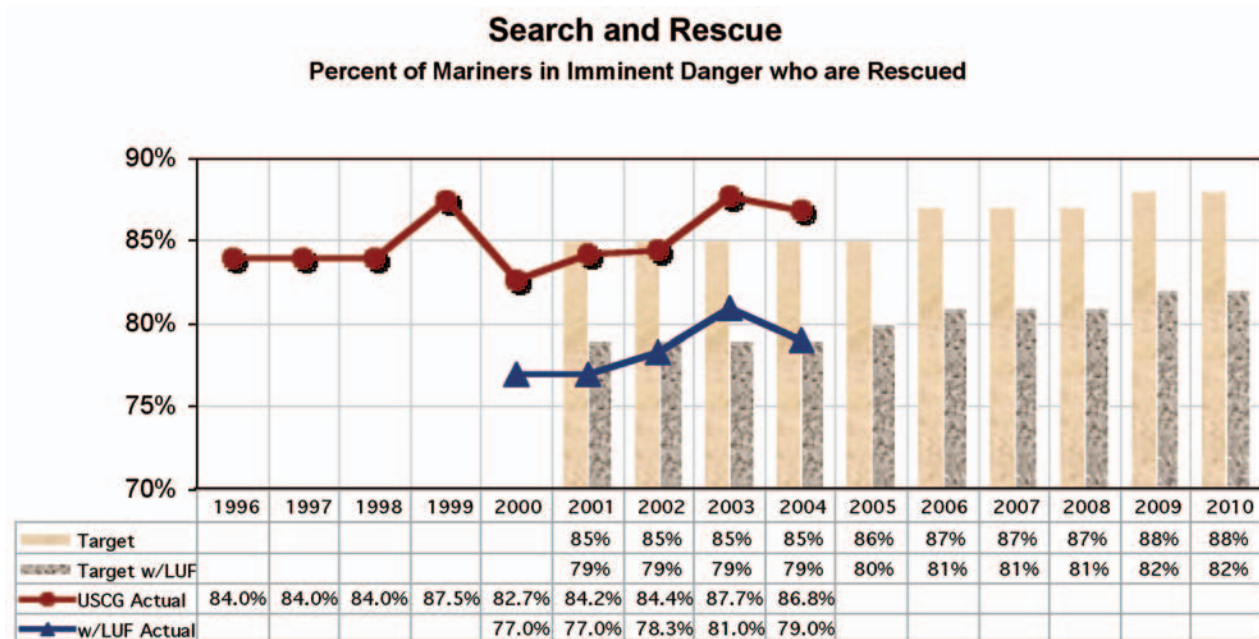
However, this performance measure, which calculates lives saved divided by the total of lives in imminent danger (lives saved plus lives lost), does not include "lives unaccounted for (LUF)". In FY 2000, the Coast Guard began tracking the number of Lives Unaccounted For (persons missing when search and rescue operations cease) separately from lives lost. After collecting data during FYs 2000 through 2004, the Coast Guard has concluded that inclusion of LUF into the calculation would lower the percentage of lives saved an average of 6%. The blue line on the performance graph shows the adjusted performance data, along with a corresponding notionally adjusted target in comparison to the Coast Guard's currently stated goal.

In FY2005, the Coast Guard will begin parallel reporting of the mariners in imminent danger performance goal both with and without the inclusion of LUF. Parallel reporting will continue until data entry and analysis can confidently ensure accuracy of LUF data.



Coast Guard Petty Officer prepares to lift boy onto another Coast Guard rescue boat after rescuing him from a sinking vessel in Horeshoe Cove, Sandy Hook. The vessel began sinking after running aground.

A number of projects are underway that will enhance critical elements of the Coast Guard's response infrastructure and planning capability. Many of these efforts are still in the early stages and have not yet impacted the Coast Guard's performance, but will assist the Coast Guard in meeting its long-term SAR performance goals. Rescue 21 will improve communications coverage and reliability, provide better position identification through GPS integration, and add immediate voice recording and playback capability. In addition, the modernized system will enable the Coast Guard to receive Digital Selective Calling (DSC) alerts, provide better command and control of Search and Rescue assets, and improve interoperability with DHS and other Federal, state, and local agencies. All of these features will improve SAR response time and accuracy. Continued improvements in training and search planning tools of our rescue coordination centers and operations centers will enhance the effectiveness of our front line SAR planning. The Integrated Deepwater System (IDS) program will begin Command, Control, Computers, Communications, Intelligence, Surveillance, and Reconnaissance (C4ISR) upgrades to legacy cutters, aircraft, and command centers to improve interoperability and situational awareness through the establishment of a Common Operational Picture (COP).

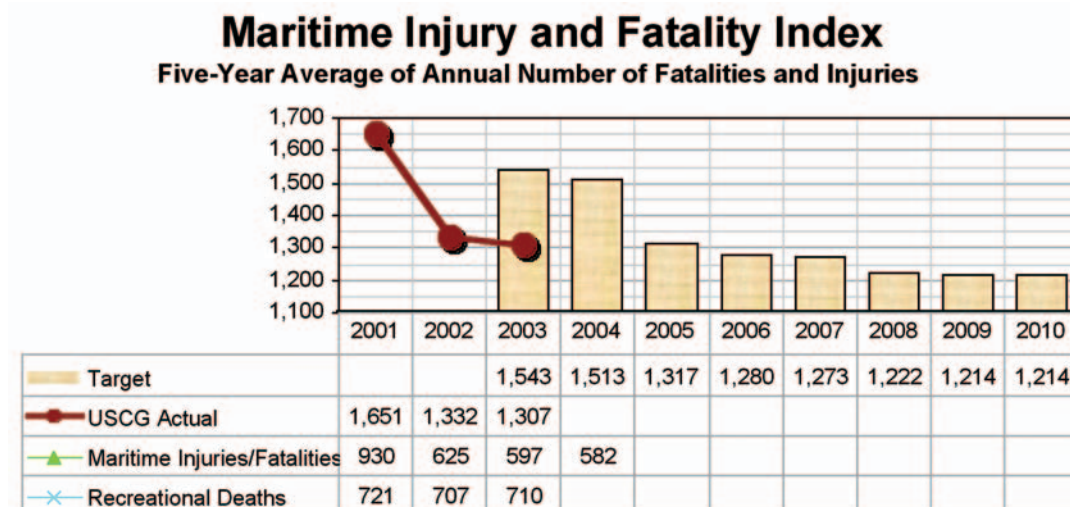


Marine Safety

The Coast Guard provides safe, efficient and environmentally sound waterways for the myriad of commercial and recreational users. Competing demands on America's waterways—commerce, national security, public health and safety, environmental concerns, recreation, fisheries and more must be balanced.

In today's global economy, the U.S. remains dependent on maritime commerce for economic viability. The Coast Guard has the primary role in preventing loss of life and property in our maritime domain. The efficiency and effectiveness of the U.S. Marine Transportation System depends on the efforts of thousands of maritime workers. Continued recreational enjoyment of the nation's vast waterways by nearly one third of America's population depends on ensuring safe and competent operation of all recreational vessels. The Coast Guard commercial vessel and recreational boating safety programs aim to ensure the safety of passengers, maritime workers and recreational boaters on board millions of vessels using many broad approaches, including preventive activities (such as vessel safety inspections), ensuring the competency of commercial mariners and recreational boaters, and investigating accidents to prevent them from happening again. The Coast Guard develops and implements appropriate U.S. Federal regulatory standards on domestic vessels, and contributes to development and expansion of international treaties and conventions concerning the safety of lives at sea.

Based on previous years' actual performance data (710 reported recreational boating deaths in calendar year 2003), the Coast Guard expects to meet its sub-goal of less than 742 recreational boating deaths for calendar year 2004. The Coast Guard is working with the States to enhance their reporting of casualty data. As these enhancements take effect, the Coast Guard will be able to provide more timely recreational boating data on both a FY and CY basis. The Coast Guard will also be able to determine a comparable five-year average that will include recreational boating injuries (similar to the average used with commercial mariners and passengers). This will provide more accurate and comprehensive data for effective analysis and response



NOTE: Primary measure combines recreational boating fatalities, and passenger and maritime worker injuries and fatalities. Examine each performance measure separately to understand the trend and the way the data from them interact. MARITIME INJURIES AND FATALITIES includes maritime workers, commercial vessel passengers, and recreational boaters. This number does not include FY 2004 Recreational Boating data since the states collect and report the recreational boating fatalities and injuries by calendar year, and CY 2004 data will not be available until Spring 2005. Also, changes in data collection methods during 2004 have led to a restatement of FY 2002 and FY 2003 actual performance. In both cases, this performance was better than what was stated in prior years' reports. Along with this change, the targets for FY 2005-2010 have been revised (i.e., more challenging) to reflect our improving performance.



A Coast Guard HH-60 Jayhawk helicopter from Air Station Kodiak surveys damage to the motor vessel Selendang Ayu, a 738-foot freighter that ran aground and broke in two on the northern shore of Unalaska Island in the Aleutian Island Chain.

purposes. Through outreach and education partnerships between the Coast Guard Auxiliary, the U.S. Power Squadrons, State agencies, and other partners, recreational boating safety classes—a key component in reducing the number of accidents—reached more than 100,000 boaters in FY 2004. Additionally, vessel safety checks and Coast Guard and State enforcement boardings enhanced regulatory compliance and education of the recreational boating public. Coast Guard, Coast Guard Auxiliary and State search and rescue efforts all played a key role in reducing the number of recreational boating fatalities.

Recreational boating accident data indicate that increasing lifejacket use will have a direct affect on decreasing fatalities. To this end, the Coast Guard has developed new and innovative outreach and education programs to encourage boaters to wear lifejackets. Additionally, partnerships with the boating industry have created initiatives to help the Coast Guard further its goal of increasing voluntary lifejacket wear. Reauthorization of the surface transportation bill, incorporating changes as currently recommended, will provide State recreational boating programs with increased regulatory enforcement and search and rescue capability, as well as provide increased support to other voluntary organizations. Enhanced education of recreational boat operators, through mandatory and voluntary efforts, is also paramount to reducing the number of accidents, property loss, injuries and fatalities.

To improve Maritime Domain Awareness and the Coast Guard's ability to transmit safety and security information to vessels to prevent potential mishaps, the Coast Guard is implementing the Automated Identification System (AIS) which will enable the Coast Guard Command Centers with the capability to receive AIS signals. Also, efforts are underway to replace the existing aging 41-foot utility boats (UTB) and other large non-standard boats (NSB) with assets more capable of meeting all of the Coast Guard's multi-mission operational requirements.

Maritime Mobility:

Our goal is to facilitate maritime commerce and eliminate impediments to the movement of goods and people, while maximizing recreational enjoyment of the water.

Aids to Navigation (AtoN) / Waterways Management

The Aids to Navigation System is a consistent way to mark the waters of the United States and its territories to assist boaters in navigation and alert them to obstructions and hazards. This system serves the same function as the safety signals and signs used in driving on streets and highways.

The U.S. marine transportation system facilitates America's global reach into foreign markets; it supports commercial fishing, marine exploration, cruise, recreational boating and other vital marine industries, and is essential to the nation's economic and homeland security. We rely on our marine transportation system to move more than 32% (\$718 billion) of our international trade—about 78% by weight. Foreign commerce inbound, outbound, and in transit through our waters exceeds one billion short tons per year, and domestic shipping on coastal, Great Lakes and inland waters brings the total to more than 2.5 billion short tons—about half of which is oil and chemicals. More than 4,000 tug and towboats and more than 27,000 barges move nearly 800 million tons on our nations inland and coastal waterways, including more than 60% of U.S. grain exports.

Ensuring a safe, secure, efficient and accessible marine transportation system is a national imperative, and a primary mission of the Coast Guard. It is a multi-faceted responsibility that includes long and short-range Aids to Navigation. The Radio Aids to Navigation program consist of two systems: Differential Global Positioning System (DGPS) and LORAN C—systems that provide continuous, accurate all-weather positioning capability to military and civilian users. Short-Range Aids to Navigation (SRA) consists of visual, sound, and radar enhanced signals placed on floating and fixed stations—including the lighthouses, ranges, beacons and buoys that guide mariners during coastal, harbor approach and other restricted phases of navigation. Additionally, the Maritime Domain Awareness (MDA) program is conducting a study on how to best integrate SRA into their network of sensors.



The crew of the CGC Buckthorn tend the lines to aid in bringing a buoy on board during the decommissioning period set for certain buoys in the Great Lakes.



The Coast Guard investigated the grounding of the 70-foot vessel Waters, homeported in Homer. The vessel struck the number four dayboard when it grounded on a rock in Narrow Strait north of Kodiak Island near the village of Ouzinke. A dayboard is a navigational beacon that clearly marks the channel when navigating in a restricted waterway.

The Coast Guard promotes safe navigation through Notices to Mariners, Vessel Traffic Management, Bridge Administration and Inspection, establishing Safety and Security Zones, and overseeing marine events. The Coast Guard also works in partnership with other federal agencies, state and local governments, marine industries and maritime associations to optimize the efficiency of the marine transportation system.

Preventing collisions, allisions, and groundings is important to providing a safe, efficient and accessible marine transportation system, and the Coast Guard uses a five-year average annual number of distinct collision, allision, and grounding events to track its performance. The five-year average annual number of distinct collision, allision, and grounding events improved to 1,876 in FY 2004, better than a six percent improvement over the prior year and well below the goal of 1,923.

The actual number of distinct collision, allision, and grounding events recorded in FY 2004 was 1,543, a more than 15% improvement over FY 2003. The number of collisions improved from 280 distinct incidents in FY 2003 to 218 in FY 2004. The number of allisions declined from 738 in FY 2003 to 616 in FY 2004; and the number of groundings improved from 802 in FY 2003 to 709 in FY 2004. Quarterly results are expected to remain within variation limits maintained over the past 10 quarters, though data for a period just ended is subject to change, and continuing performance within these limits will allow the five-year average to extend its favorable trend over the next two years.

SRA aid availability for FY 2004 was 97.6%, FY 2003 was 98.2%, and FY 2002 was 98.3%. The majority of the decrease in performance in FY 2004 can be attributed to unusually high 2004 hurricane season.

The Loran-C availability this year met the target of 99.7% by chain (Loran-C stations function in groups of three to five stations called chains). Although there were a high number of solar events this year, their effect was discounted in the calculation. All Loran-C Stations received technical upgrades in FY 2003. Modernization of the stations continued and a number of system improvements were made. This work was accomplished while still maintaining system availability.

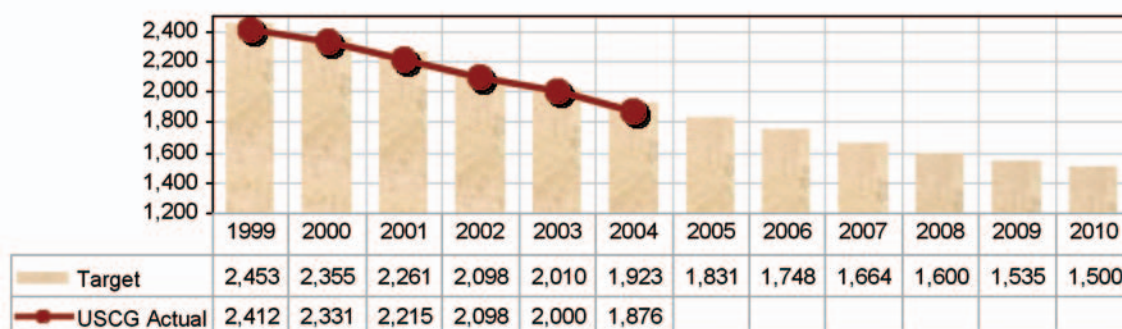
DGPS availability for FY 2004 (99.0%) fell short of the target of 99.7%. The primary reason for not meeting the availability goal was extended outages at a small number of historically poor performing sites. These extended outages were a combination of environmental issues (lightning and other bad weather) and extensive site improvement work (improved grounding systems and antennas). A secondary factor was the time required to gain access, troubleshoot, and repair failed equipment at the transmitter sites.

This year's success was attributed to a multifaceted system of preventions by Coast Guard and other waterways users, including radio aids to navigation, communications, vessel traffic services, dredging, charting, regulation, licensing, and other federal, state, local and industry activities that manage transit risk on behalf of the general public.

The Shore Infrastructure Recapitalization will enable the Coast Guard to complete construction and improvements to fixed ATON structures essential to maintaining a safe, functional, and modern transportation system.

A planned update to Aids to Navigation doctrine will increase servicing intervals to a maximum of three years. This initiative should allow AtoN units to reallocate resource hours from routine servicing efforts to discrepancy response efforts, while keeping total AtoN resource hours at current levels. And, we continue to pursue a variety of DGPS equipment improvements and are replacing some of the existing transmitting sites with the Nationwide DGPS sites in locations that allow easier access and require less maintenance of both the equipment and facility.

AtoN / Waterways Management 5-Year Average Number of Distinct Collisions, Allisions, and Groundings



Note: In FY 2003, the Coast Guard adopted a new measure for the AtoN program—the five-year average annual number of CAG. In preparing the FY 2004 Annual Performance report we inadvertently reported annual CAG numbers instead of the five-year average. This year's submission corrects that error and provides not only the current results of the five-year average, but also a history of results. *The FY 2004 Report* stated actual performance as follows: FY 1999: 2,194; FY 2000: 2,152; FY 2001: 1,677; FY 2002: 1,936; FY 2003: 1,523.

We are developing regulations requiring the use of Automatic Identification Systems (AIS) in ports with Vessel Traffic Service and nationwide for commercial vessels subject to the International Convention for the Safety of Life at Sea (SOLAS). AIS will also be incorporated in SRA to provide a sensor network array that will bolster our MDA, and allow consistent enforcement of the Maritime Transportation Security Act (MTSA). We are improving our ability to provide information services and oversight of the nation's waterways by establishing a new Vessel Traffic Service in Port Arthur, Texas, and we are assisting the private sector in establishing Vessel Traffic Information Services in Tampa, Florida and Corpus Christi, Texas.

The Coast Guard acts to improve navigational safety through its leadership role in the coordination and management of our waterways and marine transportation system. The Coast Guard co-chairs the Interagency Committee of the Marine Transportation System (ICMTS), which consists of 18 Federal agencies that cooperate on a variety of issues, including port and waterway security, safety and navigation, port congestion, dredging, port competitiveness and commercial issues. The Coast Guard also works with local officials—actively participating and chairing nearly a third of the 100 Harbor Safety Committees that deal with these same issues on a port and regional level.



“A Petty Officer from Electronic Support Detachment Mayport, Fla. repels down the 83-foot St. John’s River Lighthouse to make final repairs to a communications cable, which had to be replaced after being battered within two months by hurricanes Charley, Frances and Jeanne. The St. John’s Lighthouse is still an active aid used for navigation for entrance to the St. John’s River in Mayport.”

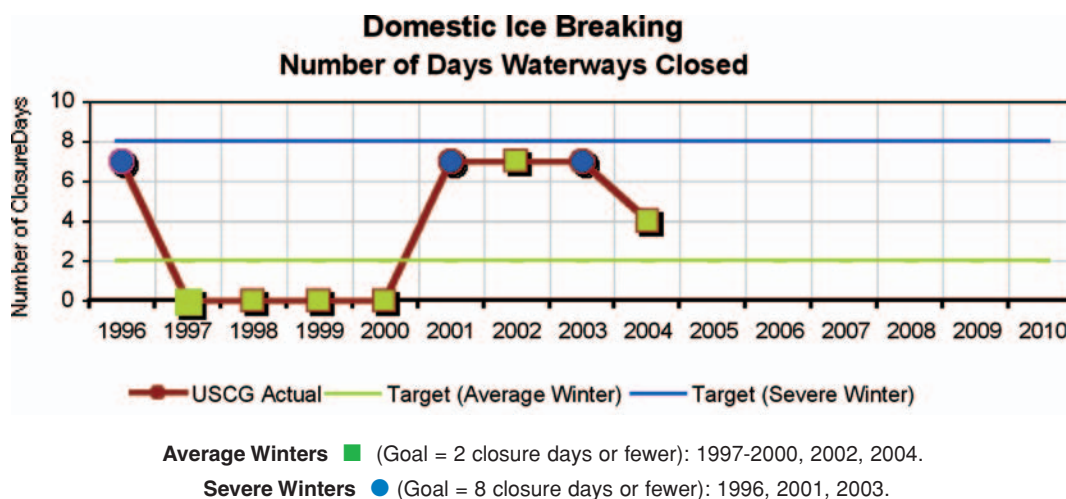
Ice Operations

Domestic Ice Breaking

Coast Guard icebreaking activities in the Great Lakes and Northeast facilitate the movement of bulk cargoes carried by regional commercial fleets during the winter months. Domestic icebreaking is normally conducted for search and rescue and other emergency situations, prevention of flooding caused by ice, and facilitation of navigation.

The Coast Guard provides the Nation with a robust domestic icebreaking capability that is critical to national and economic security. In addition to facilitating year-round maritime commerce, Coast Guard icebreakers are essential to other Coast Guard missions. The formation of ice in critical U.S. waterways renders most vessels inoperable, but the Coast Guard's nine 140-foot and 11 65-foot icebreaking tugs and AtoN cutters that are ice capable, remain effective in ice. Vessels capable of operating in ice are necessary for the Coast Guard to maintain homeland security, law enforcement and search and rescue operations in ice covered waters. The 65-foot icebreaking tugs, in particular, with their unique combination of icebreaking capability and shallow draft, are critical for the Coast Guard's operations on the East Coast.

During winter months, marine traffic is sustained only with Coast Guard icebreaking services. Shipping in the Great Lakes and Northeast during winter months provides the most cost-effective transportation of bulk cargoes and petroleum products. On the East Coast, critical shipments of home heating oil and other petroleum products, as well as passenger ferry traffic require icebreaking services. On the Great Lakes, approximately 15 million tons of materials (iron ore, coal, steel, etc.) are shipped during the winter alone. Studies indicate that Coast Guard icebreaking services have an estimated annual outcome value of \$49 to \$93 million to industry alone. In addition to direct benefits, the Great Lakes iron ore, steel and freight transportation industries constitute a considerable economic force within the United States, employing about 500,000 people, drawing an estimated annual payroll in excess of \$6.7 billion. The total value of the cargo on the ships assisted by Great Lakes icebreakers was estimated at over \$1 billion dollars.



Note: Icebreaking performance is affected by ice coverage and thickness, which is linked to the severity of the winter weather. Winter Severity is maximum freezing degree day accumulation data that is gathered from designated areas to calculate an index of severity of the entire winter.

Moderate ice conditions on the Great Lakes resulted in a decision to allow a 10-day extension to the FY 2004 icebreaking season. As the extension period approached, winter conditions worsened and icebreaking assets were challenged to provide services in nine critical waterways of the Great Lakes. Despite icebreakers actively maintaining the waterway, the St. Mary's River was closed for four days (during the 10-day extension) when an ore carrier became beset and efforts to free the vessel were initially unsuccessful. The combination of an extended season and rapidly deteriorating conditions created significant challenges for the Coast Guard to meet the demands of commerce. Notwithstanding the four-day closure, the extension of the navigational season resulted in the shipment of an additional 623,651 tons of iron ore and coal, valued at approximately \$21 million. As demonstrated by the FY 2004 navigation season extension, the program must continue to take advantages of opportunities to exceed goals despite short-term set backs, in order to optimize services provided to the Nation. In order to ensure future performance, the Coast Guard must continue to develop and fund a recapitalization plan to overhaul the domestic icebreaking tug fleet. The Coast Guard's 140-foot and 65-foot icebreaking tugs are approaching 25 and 40 years in age, respectively. As these vessels continue to age, their maintenance and funding requirements significantly increase, causing a noticeable decrease in vessel material condition and reliability. With an asset level barely capable of meeting the demands of a severe winter, very little flexibility exists for the increased casualties sure to result from such a deterioration of vessel material condition. Domestic icebreaking program goals and performance measures are being evaluated to better track and measure the effectiveness of the program.

The new Great Lakes Ice Breaker (GLIB) is scheduled to be commissioned as the USCGC MACKINAW (WLBB 30) in June 2006. The FY 2006 budget provides operating and maintenance funding this new GLIB, which will greatly enhance the Coast Guard's ability to conduct essential ice breaking activities and maintain aids to navigation to facilitate commerce and to prevent loss of life, personal injury, and property damage on the navigable waters of the Great Lakes.



The CGC Morro Bay, a 140-foot ice-breaking tug from New London, Conn., breaks a track in the ice-bound Nantucket Sound for the passenger ferry Nantucket, which runs between Nantucket Island and Hyannis, Mass.

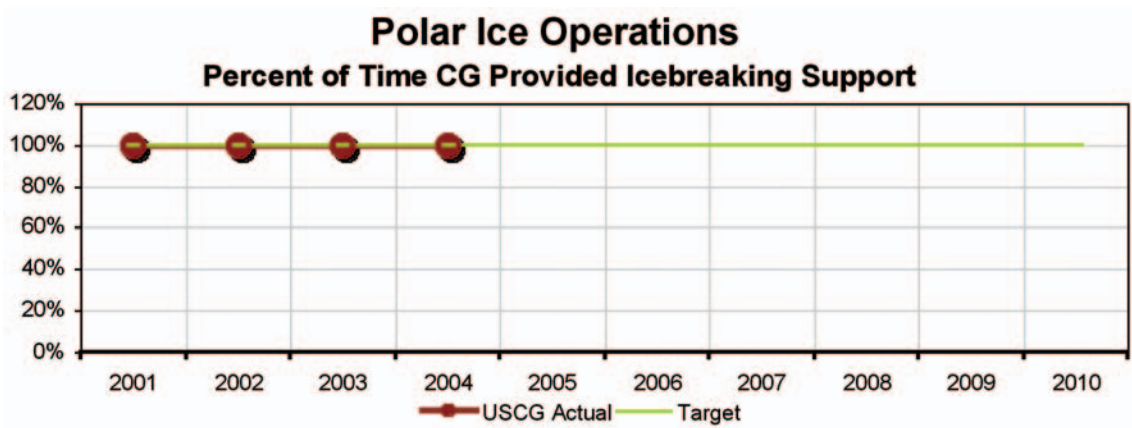
Polar Ice Operations

The Coast Guard conducts polar icebreaking operations to facilitate the movement of critical goods and personnel support of scientific and national security activity in the polar regions. Our icebreakers also provide logistics support and clear tracks for other vessels re-supplying U.S. science and defense facilities in the polar regions.

The United States Coast Guard is the sole U.S. operator of heavy icebreakers for the nation. Polar ice operations is a required national capability. The Coast Guard has supported and executed polar ice operations by employing polar icebreakers as escort, logistics support, scientific observation, and sensor ships to support the U.S. Antarctic Program (USAP). It has also supported the Antarctic Treaty, research and science, national defense, and performed traditional Coast Guard missions such as maritime law enforcement, search and rescue and marine pollution response. The Coast Guard conducts polar operations to facilitate the movement of critical goods and personnel in support of scientific and national security activities in the polar regions. Our icebreakers provide global mobility and other logistics support and clear tracks for other vessels re-supplying U.S. facilities in the polar regions. The Nation must maintain sufficient icebreaking capability to ensure that U.S. polar missions can be reliably executed—there is no U.S. backup asset to finish the task in the remote polar frontiers, or render assistance if the primary asset breaks down or is beset in the ice. Failure to succeed in the annual re-supply of McMurdo Station in Antarctica would essentially shut down all U.S. Antarctic Program activities at both McMurdo and the South Pole. In addition to logistics, polar icebreakers protect U.S. presence in the polar regions, serve as floating scientific laboratories to support polar marine research, and support State Department treaty compliance inspections.



The Coast Guard Ice Breakers
Polar Sea and Polar Star in the ice channel
near McMurdo, Antarctica.



In FY 2004, the Coast Guard provided icebreaking support as requested by NOAA, the National Science Foundation (NSF), the Department of Defense and the Department of State 100% of the time. Leveraging partnerships in planning and operations has enabled the polar ice program to successfully facilitate re-supply of the U. S. Antarctic Program despite difficult ice conditions. In addition, the Coast Guard successfully supported all Arctic polar research requests, which included projects related to changing Arctic climate research, United Nations Convention on Law of the Sea (UNCLOS) territorial or sovereignty claims, and various other research projects. To ensure future performance, the Coast Guard will strengthen partnerships in planning, operations and in tracking mission success through the execution of an interagency agreement with the National Science Foundation. The Coast Guard is looking to overhaul its polar ice operations metrics to better track efficiency and effectiveness of the program. Also, the Coast Guard has initiated an analysis of the polar icebreaking mission in an effort to identify alternatives for replacing the two heavy icebreakers: POLAR SEA and POLAR STAR.

In alignment with the Office of Management and Budget's (OMB) program assessment rating tool (PART) review recommendations, the FY 2006 budget proposes shifting base funding for the two Polar Class icebreakers and the USCGC HEALY to the NSF. The NSF is the resident agency with responsibility for the U.S. Antarctic Program. Under this arrangement, the NSF will reimburse the Coast Guard for maintenance and operation of the polar icebreaking fleet. The NSF and the Coast Guard will conclude a memorandum of understanding that outlines the agency roles and responsibilities for use of the nation's polar icebreaking fleet.



A Coast Guard HH-65a "Dolphin" helicopter prepares to land on the flight deck of the Coast Guard Ice Breaker Polar Star near McMurdo, Antarctica.

Protection of Natural Resources:

Eliminate environmental damage and natural resource degradation associated with maritime transportation, fishing and recreational boating.

Marine Environmental Protection MEP

As a nation dependent on petroleum products as a major energy source, protection of the marine environment from oil and chemical spills continues to be an important mission area for the Coast Guard.

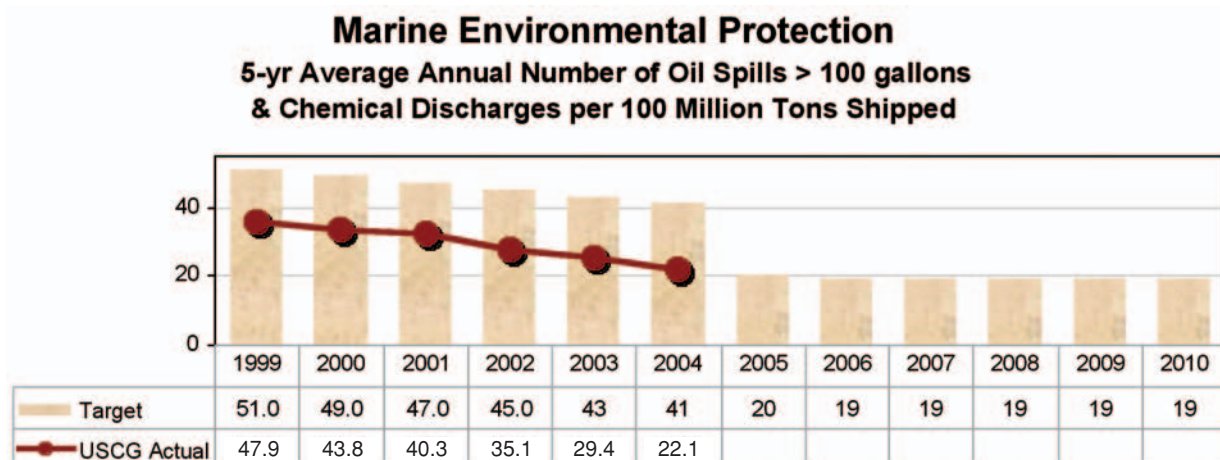
The United States has jurisdiction over the largest Exclusive Economic Zone in the world—a marine environment that exceeds the combined land mass of all 50 states, a home to millions of species, and a treasure trove of potentially useful organisms and bio-chemicals. Our estuaries and coastal regions support 45 percent of all protected species, 50% of non-game migratory birds, 30% of migratory waterfowl, and are the nurseries that sustain 66% of commercial and recreational fishing. The nation's beaches attract millions of American and foreign tourists—millions more are taking to the sea aboard cruise ships; the Great Lakes are the world's largest body of fresh water—a volume equivalent to 20% of the world's supply, and these waters are highways to the world—maritime commerce inbound, outbound and in transit through the U.S. maritime domain exceeds 2.5 billion tons per year.

Stewardship of the marine environment is a national imperative. Preventing the introduction of invasive species, stopping unauthorized ocean dumping, and protecting against accidental spills are key areas of Coast Guard responsibility. Oil and chemical spills are an especially important concern—the Federal Water Pollution Control Act of 1972 declares, "it is the policy of the United States that there should be no discharges of oil or hazardous substances upon the navigable waters of the United States."

The Coast Guard reports marine environmental protection performance as a five-year average annual total of chemical and significant oil spills (oil spills greater than 100 gallons) per 100 million tons shipped.

In FY 2004 there were 145 oil spills of more than 100 gallons, and 33 chemical spills that were at or above their respective reportable quantity into maritime waters by vessels and facilities subject to Coast Guard jurisdiction. The volume of oil discharged into the water totaled 414,202 gallons. This compares favorably to the 153 oil spills of more than 100 gallons, and 53 chemical spills, recorded in FY 2003. The volume of oil spilled into the water in FY 2003 was 427,894 gallons.

Because spills into the water are primarily transportation related, their incidence is reported relative to the volume shipped. The forecasted volume of oil shipped in FY 2004 is 1,082 million short tons (about 318,020 million gallons)—slightly more than the 1,053 million short tons (about 309,582 million gallons) forecasted for FY 2003. The combined FY 2004 forecast volume of oil and chemical products is 1,259 million short tons versus 1,226 million short tons in FY 2003. Actual shipping data is not available from the Army Corps of Engineers until December of the following calendar year.



Note: The targets for FY 2005-2010 have been revised (i.e., more challenging) to reflect our improving performance.



Oil pollution responders clean up the spill caused by the capsized Stellamare, a 289-foot heavy-lift cargo ship that overturned in the Port of Albany while loading cargo.

The FY 2004 spills-per-ton rate improved about 12%—the combined number of chemical spills and oil spills greater than 100 gallons per 100 million short tons shipped was 15.5 in FY 2004 compared to 17.7 in FY 2003. The volume of oil discharged into maritime waters was 1.30 gallons per million gallons shipped in FY 2004 versus 1.34 gallons per million gallons shipped in FY 2003.

The five-year average annual number of chemical spills and oil spills greater than 100 gallons per 100 million short tons shipped improved to 22.1—continuing the decade-long favorable trend. Although data for the period just ended is subject to change, performance should remain on track and continue driving favorable results.

Efforts to reduce the number of discharges in the marine environment include the nationwide Automatic Identification System (AIS); marine environmental protection starts with prevention of chemical discharges and oil spills before they occur. To that end, the AIS will significantly contribute to safe navigation and transport of goods along the vast marine transportation system, resulting in fewer collisions, allisions and groundings that lead to discharges and spills in the marine environment. Also, the continued Deepwater recapitalization of the Coast Guard's cutters, aircraft, C4ISR and associated subsystems will improve the Service's ability to respond to spills/discharges and limiting the related damage to the marine environment and impact on the maritime transportation system.

The Coast Guard is actively involved in the development and implementation of Federal standards; it enforces over 20 statutes, executive orders and regulations related to the protection of the marine environment, and it represents the United States at the International Maritime Organization as an advocate for responsible international measures.

Coast Guard efforts to protect the marine environment parallel the activities it undertakes to prevent marine accidents. The Marine Safety Center works directly with industry in the evaluation and approval of commercial vessel and systems designs, standards, and policies; the National Maritime Center is responsible for merchant mariner licenses and documentation, and promoting practices and standards that reduce the adverse impacts of human error. Coast Guard personnel stationed at field offices around the country enforce standards by conducting periodic inspections and boardings. The Coast Guard employs the Incident Command System when accidents do happen, and responds with other federal agencies, state and local governments and the maritime industry to ensure that the impacts of a spill are minimized.

Coast Guard prevention, preparedness and response programs—including industry partnerships and incentive programs—have proven effective in reducing the number and impact of oil and chemical spills. To ensure continued improvements, the Coast Guard has developed and is employing a risk-based assessment approach to identifying future program needs and opportunities.

Living Marine Resources (LMR)

Protecting the U.S. Exclusive Economic Zone (EEZ) and key areas of the high seas is an important mission for the Coast Guard. The Coast Guard enforces fisheries laws at sea, as tasked by the Magnuson-Stevens Fisheries Conservation and Management Act (MSFCMA). Our fisheries priorities are protecting the EEZ from foreign encroachment, and enforcing domestic fisheries law in conjunction with international fisheries agreements.

The U.S. EEZ is the largest in the world, covering nearly 3.4 million square miles of ocean and 95,000 miles of coastline. The EEZ is a major source of renewable wealth providing a livelihood for commercial fishermen, a vast supply of food, and recreation opportunities. Commercial and recreational fisheries contribute approximately \$50 billion annually to the U.S. economy. Responsible management of ocean resources is critical as the world's population continues to grow, demanding increased food sources. The Coast Guard is the only agency with the maritime authority and infrastructure to project Federal law enforcement presence over this huge area.



A Coast Guard boarding team measures a fish to make sure it is within size catch regulations.

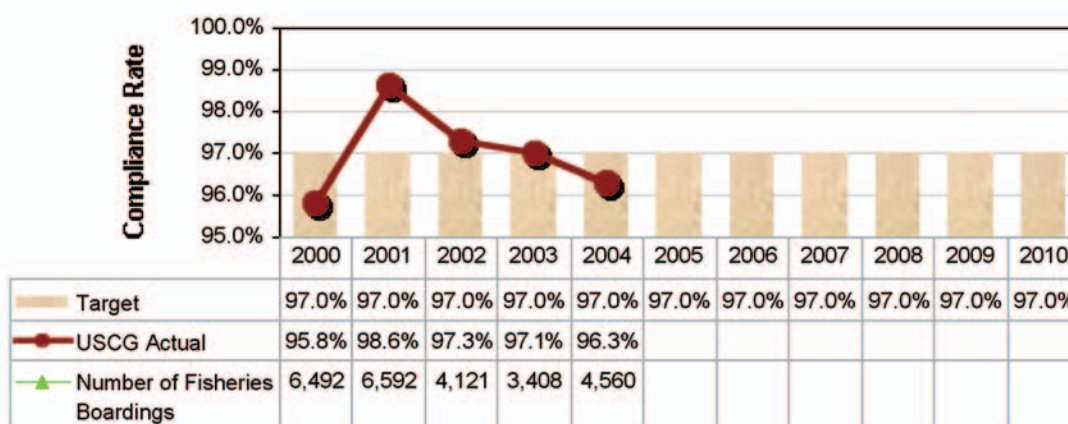
At-sea enforcement is a critical component to the success of our nation's Fishery Management Plans (FMPs).

To help improve species health and assist with the prevention of over-fishing, the Coast Guard continues to measure the rate of compliance with Federal regulations. The FY 2004 observed compliance rate (96.3 %) was below the program goal of 97%, although the total number of fishery boardings in FY 2004 (4,560) was the highest number of boardings since FY 2001. The majority of domestic fisheries violations came from shrimp fishermen in the Gulf of Mexico and multispecies fishermen in the North Atlantic. Poor economic conditions in the U.S. shrimp fishery appear to have made U.S. fishermen in the Southeast region more willing to violate regulations in order to maintain economically viable commercial operations. The increasing regulatory complexity in the New England fisheries may be an underlying variable negatively impacting that region's observed compliance rate.

The Coast Guard continues to improve its operational efficiency by leveraging the National Oceanic and Atmospheric Administration's expanding Nationwide Vessel Monitoring System (N-VMS). As an example, the National Marine Fisheries Service (NMFS) detected a fishing vessel via N-VMS that was suspected of illegally fishing within a closed area off of New England. NMFS then relayed this information to the Coast Guard, which intercepted and boarded the fishing vessel. This case resulted in the seizure of over 12,000 pounds of illegally caught fish and highlights how important and useful the N-VMS system and interagency cooperation is to fisheries law enforcement.

The Coast Guard is also utilizing industry intelligence while working more closely with federal and state enforcement partners to collect and disseminate intelligence to field units. Many of the Field Intelligence Reports (FIRs) utilized by the Coast Guard come from industry intelligence and federal and state partners. These entities have access to sources of information which the Coast Guard may not. By working with them, the Coast Guard is able to disseminate this information, through FIRs, to field units which gives units the intelligence needed to enforce the fisheries mission more effectively. As an example in the New England region, a FIR was generated from intelligence gathered from industry representatives and state partners on a vessel which was believed to be illegally retaining more lobster than allowed by permit. The Coast Guard

Living Marine Resources Domestic Results



intercepted and boarded this vessel and as a result of this boarding, the Coast Guard found nearly 600 lobsters that were illegally retained. This case resulted in a seized catch of over 1,100 lobsters. The continued utilization of fisheries intelligence gathered from industry and federal and state partners by Coast Guard Field Intelligence Support Teams (FISTs) and District Law Enforcement offices will be key to effectively conducting the fisheries enforcement mission.

The Coast Guard is responding to an extended shift of six 110-foot Patrol Boats currently supporting Operation Iraqi Freedom. Each of these patrol boats conducted the fisheries enforcement mission either as their primary mission or as a secondary mission. Despite the reallocation of these very important assets, the Coast Guard continues to actively patrol in support of federal fisheries regulations with available assets. The addition of more 87-foot Coastal Patrol Boats, integration of several Patrol Coastals (PC-170) from the Navy, the Response Boat-Medium (RB-M) project and the Integrated Deepwater System (IDS) will provide increased capability and capacity to enhance performance across the entire spectrum of Coast Guard missions.

The Coast Guard will continue to improve its operational efficiency by leveraging the National Oceanic and Atmospheric Administration's expanding Nationwide Vessel Monitoring System (N-VMS). By working with the National Oceanic and Atmospheric Administration to improve the data input and output from N-VMS, the Coast Guard can give units the information needed to efficiently conduct the fisheries enforcement mission. The Coast Guard will continue to foster and build relationships with industry intelligence and partnerships with federal and state enforcement through local FISTs and District Law Enforcement offices. These relationships are key to the Coast Guard knowing the latest information on how fishing fleets are conducting themselves.

Dedicated fisheries intelligence analysis will allow a centralized point from which much needed intelligence can be gathered and disseminated to Coast Guard units. The analysis will also allow field units the ability to request specific information from one source for the execution of their specific fisheries enforcement mission.

Maritime Security:

We will protect our borders by halting the flow of illegal drugs, aliens and contraband through maritime routes, preventing illegal fishing and enforcing federal law at sea.

Illegal Drug Interdiction

The Coast Guard is the lead federal agency for maritime drug interdiction and shares lead responsibility for air interdiction with the U.S. Customs Service. As such, it is a key player in combating the flow of illegal drugs to the United States. The Coast Guard's mission is to reduce the supply of drugs from the source by denying smugglers the use of air and maritime routes in the Transit Zone, a six million square mile area, including the Caribbean, Gulf of Mexico and Eastern Pacific.

The U.S. Coast Guard interdicts illegal drug shipments by apprehending smugglers at sea attempting to import illegal drugs into the United States. The Coast Guard's efforts to halt the destructive influence of drug consumption by disrupting the drug supply also stems other criminally related acts and prevents potential funding sources for other illegal activities, such as terrorism.

The Coast Guard removed 350,697 pounds of cocaine (including a record 242,435 pounds physically seized) from the drug market in FY 2004.

In FY 2004, we expanded our operations to seize vessels and arrest individuals for conspiring to support actual drug-smuggling ventures, resulting in a significant intelligence windfall. Our target for FY 2004 was to remove 15% of the cocaine shipped via non-commercial maritime conveyances; the FY 2005 target is 19%. The 15% target for FY 2004 aligned with the Office of National Drug Control Policy's National Drug Control Strategy (NDCS). In FY 2003, the Coast Guard seized 16.34% (62 metric tons) of the non-commercial maritime flow of cocaine to the United States. FY 2004 results are pending as the total non-commercial maritime flow data will not be available until April 2005 when the Interagency Assessment of Cocaine Movement is published.

To more accurately reflect Coast Guard counter-drug efforts and results in FY 2004, the Coast Guard transitioned to a Cocaine Removal Rate to encompass both cocaine removed from the market as well as cocaine seized. The Cocaine Removal Rate is the amount of cocaine lost to the smuggler (through seizures, jettison, burning and other non-recoverable events) and will be based on values vetted through the Inter Agency Consolidated Counter-Drug Database (CCDB). Smugglers increasingly jettison or otherwise destroy the drugs they are carrying to prevent physical seizure by the Coast Guard.

Increasing and improved inter-department and inter-agency cooperation and coordination, as well as greater and more accurate and timely intelligence have played a vital role in the successes of 2004. The Department of Justice and Department of Homeland Security's Operation Panama Express yielded a tremendous amount of actionable intelligence on trafficking organizations and traffic routes. This allowed the Operational Commanders, such as Joint Interagency Task Force South (JIATF South) to position interdiction assets from DOD (Navy), DHS (USCG, ICE, and CBP), and allied naval forces for a higher rate of success. More interdictions led to increased intelligence for Operation Panama Express resulting in even more interdictions.

Cooperative efforts include the extensive use of Coast Guard Law Enforcement Detachments (LEDETs) deployed aboard U.S. and allied naval vessels during counterdrug patrols. The LEDETs were responsible for the interdiction of 58.6% of the cocaine seized and 137 persons arrested during 37 of 104 maritime drug smuggling events.

The U.S. Coast Guard worked closely with the Department of State to expand existing and formalize new bilateral and regional maritime law enforcement agreements. These have been critical to establishing protocols, procedures and points of contact for the key maritime law enforcement activities in source and transit zone countries. These 26 agreements include shipboarding, pursuit and entry into territorial sea and airspace, ship riding, over flight logistics, and technical assistance. Implementation of these agreements includes the ongoing deployment of training teams, bilateral and multilateral enforcement operations,

information sharing and maintenance support. An important addition to several of these bilateral agreements was the International Maritime Interdiction Support clause. This clause allowed the U.S. to arrange transportation of apprehended smugglers and contraband through third-party countries and created a vast improvement in efficiency of post seizure operations, enabling interdiction assets to return to the transit zone with minimal delay.

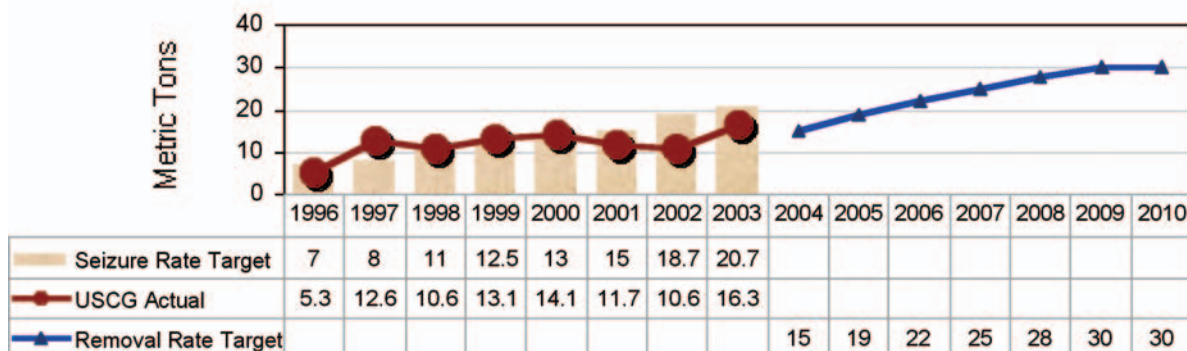
Another great success has been the Coast Guard's Operation NEW FRONTIER with its Cutter Boat-Over-The-Horizon Rigid Hull Inflatable Boat (CB-OTH RHIB) and the use of armed helicopter interceptors. This tactic was planned to counter the use of "Go-Fast" vessels (GFVs) to carry drugs across the Caribbean and Eastern Pacific. GFVs are smaller, cigarette style, open boats that can operate in excess of 40 knots and can carry over two tons of cargo. The armed helicopters are trained and equipped to use the minimal force necessary, up to and including warning shots in front of the bow and disabling fire to the engines, to stop GFVs suspected of carrying drugs. The use of armed helicopters in FY 2004 resulted in the seizure of 20 vessels carrying over 70,000 lbs of cocaine, 9,100 lbs of marijuana, 100 lbs hashish and the arrest 84 people in 2004. The helicopters have been so successful that several of our international partners are looking to adopt the same capability and tactics.

The Coast Guard will continue counterdrug operations, supporting national and departmental goals as outlined in the NDCS. The Coast Guard's FY 2006 budget includes funding to expand Airborne Use of Force (AUF) and CB-OTH RHIB capabilities to improve the performance of all homeland security missions, including drug interdiction.



A Coast Guard boarding team searches a suspected "go-fast" vessel after the suspect drug smugglers attempted to scuttle the nearly \$34,000,000 worth of cocaine that was in their cargo hold.

Drug Interdiction Cocaine Seizure and Removal Rates



Graph Explanation: Prior to FY 2004, the Coast Guard's lead drug program performance measure was COCAINE SEIZURE RATE, derived by dividing a "hands on" count (i.e. cocaine physically confiscated, weighed, and issued a Federal Drug Identification Number (FDIN)) by the total Non-Commercial Maritime Flow amount provided by the Interagency Assessment of Cocaine Movement (IACM) produced by the Defense Intelligence Agency (DIA). The numbers in the table above differ slightly from previously reported seizure rates due to a change in DIA's method of estimating the Non-Commercial Maritime Flow. However, drug smuggling trends are changing, with more frequent occurrences in which offenders destroy or jettison contraband overboard before it can be successfully recovered and counted. As a result, a certain amount of cocaine is regularly removed from the supply chain by the Coast Guard, but had not been captured with respect to its lead drug performance measure. The Coast Guard transitioned from the use of a Cocaine Seizure Rate to a Cocaine Removal Rate as its lead drug program measure beginning in FY2004 to more accurately report the impact Coast Guard counter-drug activities are having on the illicit drug trade. This transition is depicted in the above graphic with the addition of a blue line commencing in FY2004 representing the Service's out-year targets for this new measure.

Undocumented Migrant Interdiction

As the United States' primary maritime law enforcement agency, the Coast Guard is tasked with enforcing immigration law at sea. The Coast Guard conducts patrols and coordinates with other federal agencies and foreign countries to interdict undocumented migrants at sea, denying them entry via maritime routes to the United States, its territories and possessions.

Each year thousands of people attempt to enter the United States illegally by sea. Unlawful immigration poses a serious threat to America's economic and social well-being and challenges our ability to control America's borders. The U.S. Coast Guard policy is to promote safe, orderly, and legal migration. Since 1980, the U.S. Coast Guard has interdicted over 300,000 migrants at sea from 47 different countries.

The President, in Executive Order 12807, suspended the entry of undocumented aliens into the U.S., and further directed the Coast Guard in Presidential Decision Directive Nine (PDD-9) to interdict migrants as far out at sea as possible. The Coast Guard maintains an effective presence in key choke points along migrant smuggling routes, patrolling more than 144,000 square miles of ocean, including areas around Haiti, the Dominican Republic, Cuba and the Bahamas. Additionally, we respond to intelligence reports concerning migrant vessels and attempted voyages to the U.S.

Although other agencies within the federal government have migration responsibilities, the Coast Guard is the only entity that has the capability and legal authority to conduct at-sea interdiction of illegal migrants.

Three years following the tragic events of September 11, 2001, despite a plethora of new demands on resources related to the war on terror, the Coast Guard surpassed the 2004 performance goal of interdicting or deterring 87% of undocumented aliens attempting to enter this country. In 2004, there were 4,761 successful arrivals out of an estimated threat of 37,000 migrants, yielding an 87.1% performance result.

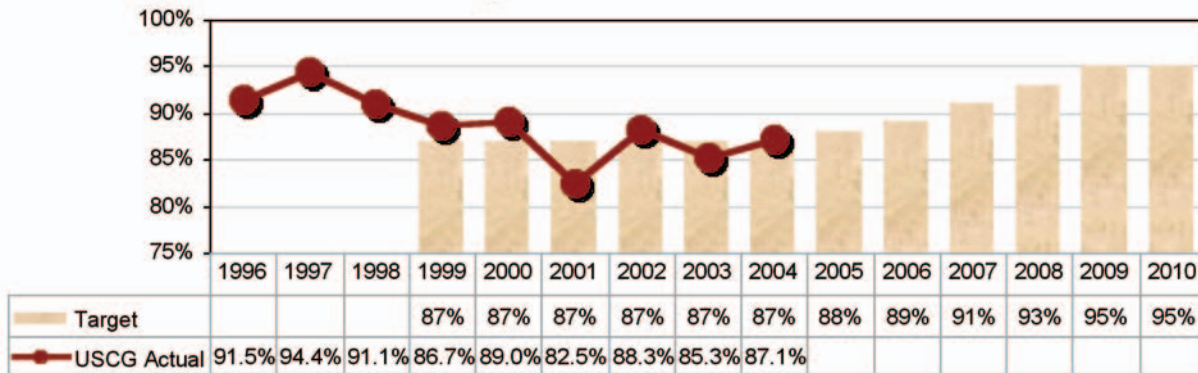
Shifting socio-economic and political conditions continue to create disparate wealth and influence, driving migrant flow. There was a significant increase in migrant flow out of the Dominican Republic during the past year as its economy continued to decline. In addition, there was an increased flow of Haitian migrants resulting from an uprising that led to the departure of Haitian President Jean-Bertrand Aristide.



A Dominican Republic migrant climbs the Jacobs ladder to board USCGC OAK. 130 migrants were intercepted about two miles west of Aguadilla, Puerto Rico in a 30-foot yola.

Undocumented Migrant Interdiction

Percent of Migrants Interdicted or Deterred



Note: Prior to 1999, the Migrant program set unambiguous performance standards, but did not utilize explicit performance targets.

The two linchpins of the migrant interdiction mission are deterrence and asset presence. With limited asset availability, the Coast Guard will continue to work at the National and field level to publicize the significant dangers of illegal maritime migration. The Coast Guard will further pursue bilateral agreements with Ecuador and Haiti, which are similar to existing agreements with the Dominican Republic and the Bahamas. The Coast Guard will work within the Department of Homeland Security and other Federal Agencies to eliminate



Some 185 Haitian migrants were brought to shore when they were found floundering in this dangerously overcrowded 31-foot sailboat just south of Elliott Key, Fla.

processing obstacles, and to increase the likelihood of the successful federal felony prosecution of migrant smugglers and the imposition of other consequences on migrant smugglers.

The Coast Guard continues to work with DHS and Inter-Agency partners to craft appropriate policy, seek legislative changes and prosecution support where appropriate. The U.S. Coast Guard is leading the way in both developing policy and building cooperation between sectors of government with respect to the illegal migration problem. For example, the Coast Guard initiated and hosted an interagency meeting in August 2004 that is resulting in better means to prosecute Cuban migrant smugglers in South Florida.

The Center for Naval Analyses completed a thorough evaluation of the migrant interdiction program in response to the Office of Management and Budget (OMB) Program Assessment Rating Tool (PART) review in FY 2004, which called for an independent evaluation. The report described the migrant program as well designed and effective, while finding that program goals need improved analytical foundation.

In response to the CNA study, the Coast Guard is researching alternate performance measures to align with the program goals. Additionally, new technologies such as a Running Gear Entanglement System (RGES) are being used as a less-than-lethal means to stop migrant smugglers. Continued recapitalization of the Coast Guard's cutters, boats and aircraft, through the Integrated Deepwater System, will enhance the Coast Guard's ability to detect and interdict migrants as far from our shores as possible. The Coast Guard will continue to improve coordination with other government agencies in the joint effort to combat illegal maritime migration.



A view of the Coast Guard Cutter Legare's flight deck with most of the rescued 301 migrants from Haiti onboard.

Other Law Enforcement

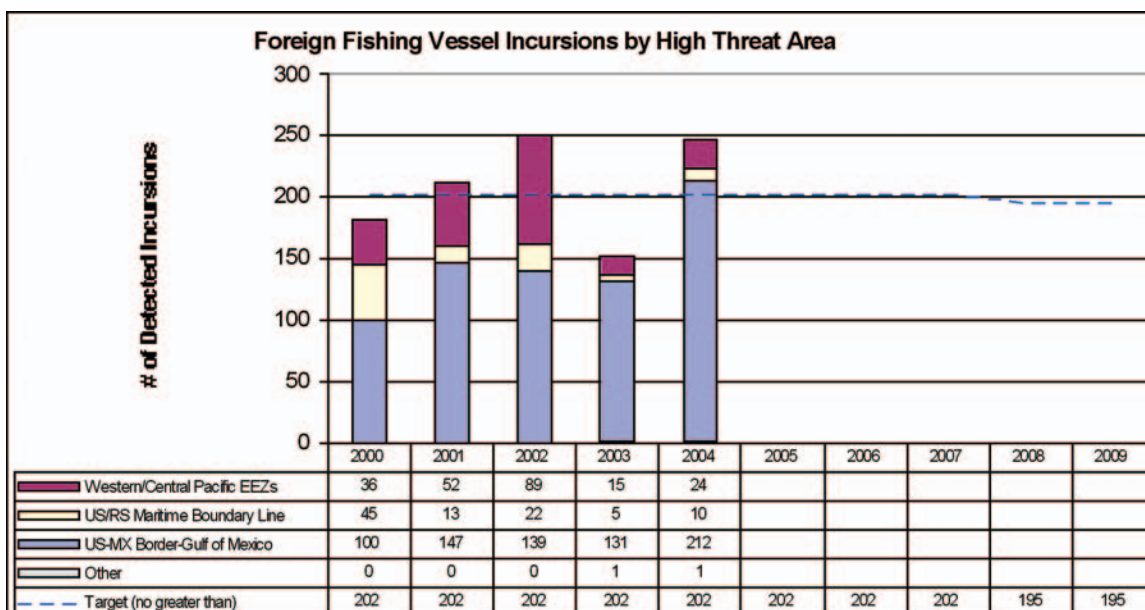
The 1976 Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA) established the U.S. Exclusive Economic Zone (EEZ) as the maximum EEZ allowed by international law, extending up to 200 miles from U.S. shores. The EEZ is a major source of renewable resources, providing a livelihood for U.S. commercial fishermen and numerous related enterprises, and recreational opportunities for millions of people.

The Coast Guard detected 247 foreign incursions into the U.S. EEZ in 2004, well above the goal of 202 or less detected incursions per year. This rise in detected incursions was due almost entirely to a rise in reported incursions along the US-Mexican (MX) border in the Gulf of Mexico (GOMEX). In fact, 212 incursions in GOMEX alone exceeded the Coast Guard-wide goal. Although reported incursions in GOMEX are up significantly in 2004 from the previous four years, our analysis shows the threat is actually similar and more accurate reporting by our units is responsible for the rise in reported incursions. US/Russian (RS) Maritime Boundary Line (MBL) and Western/Central Pacific EEZ incursions are both up slightly from 2003, but are within historic levels. We have maintained an intercept rate of 80% on the MBL, projecting a significant deterrence against illegal fishing over that boundary. However, we did not intercept any of the 24 detected incursions in the Western/Central Pacific EEZs this year. We continue to monitor the scope of these incursions through intelligence resources. However limited operational presence constrains our ability to intercept foreign fishing vessels while they are in our remote EEZs.

In order to address the problem in the Gulf of Mexico, together with NOAA Fisheries and the Department of State, we are pursuing an enforcement agreement with Mexico that should lead to better information sharing between our two nations and stronger Mexican enforcement against their vessels. The Coast Guard is also working with Russia to develop a US/Russia shiprider agreement in order to aid EEZ enforcement efforts in the Bering Sea.



A Coast Guard boarding team member sorts through a vessel's catch looking for any undersize fish during a boarding in Manasquan Inlet.



Ports, Waterways and Coastal Security (PWCS)

As the lead agency for Maritime Homeland Security, the Coast Guard is responsible for preventing and protecting against maritime security threats, reducing America's vulnerability to those threats, and minimizing the adverse consequences of maritime security incidents that do occur.

The Coast Guard continues to improve its understanding of the threat, vulnerability, and consequence dimensions of terror-related risks in the maritime domain, and continues to refine its intervention plans. To better serve post 9/11 priorities, the Coast Guard has reworked its budget base and obtained new authorities, competencies, capabilities, and partnerships—which have strengthened its ability to conduct ports, waterways and coastal security. In FY 2004, various specific activities and initiatives were aimed at reducing risk in the maritime domain.

Many successes involved the roll out of new capabilities. The Coast Guard commissioned five new Maritime Safety and Security Teams (MSST), two new Port Security Units, two new multi-missioned stations, and nine new 87 foot Coastal Patrol Boats. One MSST was converted into an enhanced, or E-MSST, offering high-end counterterrorism capabilities such as the airborne use of force and underwater divers. This team successfully supported security operations at both political conventions as well as the G-8 summit.

Other new or increased capabilities included the expansion of the Explosive Detection Canine program and the development and deployment of anti-swimmer and small-boat entanglement systems that protect against waterborne attacks. A critical informational capability was strengthened with the establishment of Field Intelligence Support Teams in our nation's ports.



Crewmembers from MSST 91110 patrol the water of Guantanamo Bay, Cuba as part of 24-hour waterside security operations for Joint Task Force Guantanamo.

The Coast Guard also achieved many regulatory accomplishments. The Marine Transportation Security Act (MTSA) of 2002, implemented this past year, was the largest maritime regulatory project in our nation's history. It entailed the establishment of 43 Area Maritime Security Committees as well as the creation of 43 Area Maritime Security Plans, almost 9,200 Vessel Security Plans and over 3,100 Facility Security Plans. Operation Port Shield was also launched, serving as the MTSA execution and compliance enforcement vehicle.

The Coast Guard also established the International Port Security Program, an effort aimed at assessing the effectiveness of antiterrorism measures in overseas ports. This program will entail visits to 135 ports every three years. In the first few months of the program 11 ports were visited. On the domestic side, the Coast Guard has completed 54 of 55 planned Port Security Assessments; the final assessment is due to be completed in March 2005. Special assessments are also being conducted on specific classes of vessels and assets; a Liquefied Petroleum Gas (LPG) assessment was completed, and assessments for ferries, Certain

Dangerous Cargo (CDC) barges, and tunnels are underway. There are plans to continue these special assessments in the future.

Management enhancements also bettered the Coast Guard's maritime security posture. These include: Improvements to Operation Neptune Shield, which have focused limited Coast Guard resources to high risk activities and areas; the reorganization of several operational field offices into more effective "Sector Commands" which unify the Coast Guard's operational roles of prevention and response under a single local authority; and the creation of a program office dedicated to strengthening Maritime Domain Awareness.

The Coast Guard continues to work on the development of an appropriate performance measure for its Ports, Waterways, and Coastal Security mission—one that will lead a step closer to articulating the impact the Coast Guard's activities have on risk reduction in the maritime domain. This measure will be evaluated and reported in FY 2005.

The Coast Guard's near term strategy will continue to strengthen the nation's maritime security. This strategy entails: 1) Enhancing and maintaining maritime domain awareness, 2) Building and administering an effective domestic and international security regime, 3) Increasing operational presence, while leveraging state, local, and private sector assets, and 4) Improving the Coast Guard's response and recovery posture.



A member of Coast Guard Port Security Unit 308 crews a .50 caliber machine gun as her 25-foot boat unit safeguards the Kuwaiti port of Ash Shuaiba, where the 110-foot Coast Guard patrol boat ADAK is moored during a break from patrolling the waters of the Northern Arabian Gulf.

National Defense:

As one of the armed forces, the Coast Guard will enhance regional stability in support of the National Security Strategy using our unique, relevant maritime capabilities.

Defense Readiness

The Coast Guard is one of the five military services that provide essential capabilities to support our national security and national military strategies.

The Coast Guard's contributions to the combatant commanders are high endurance cutters, 110' Island-class patrol boats, Law Enforcement Detachments (LEDET), Port security Units (PSU), and specialized capabilities. In 2004, the Coast Guard deployed resources to meet scheduled and short notice contingency deployments and theater security requirements in support of DoD. With more than 40 of the world's 70 naval forces structured and focused on performing coast guard functions, combatant commanders continue to seek Coast Guard capabilities to support their theater security cooperation initiatives intended to promote democratic values and improve the international security environment.

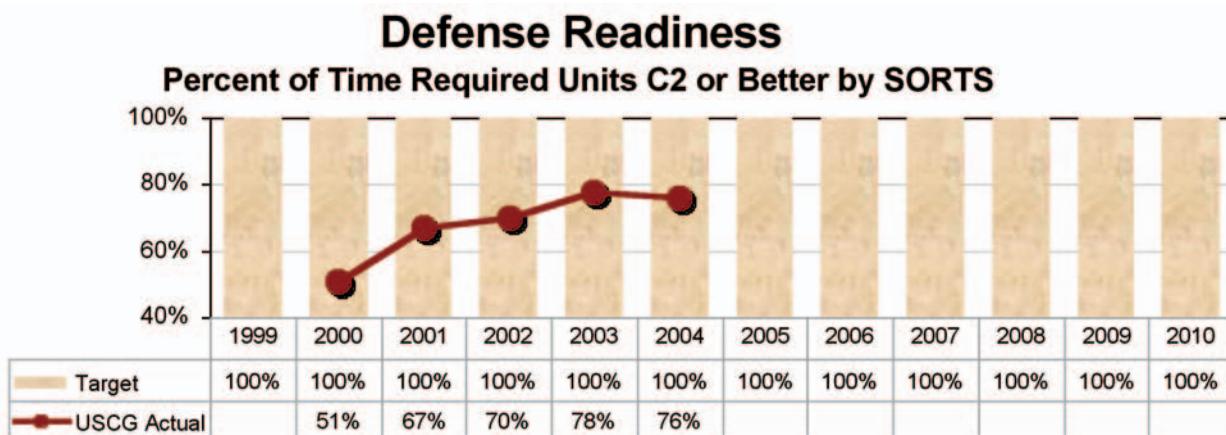
In support of Operation Iraqi Freedom the Coast Guard protected, safely secured, and escorted to sea over 200 military sealift departures at ten different major U.S. seaports, carrying over 25 million square feet of indispensable cargo.

The Coast Guard continued to support National interests in the Arabian Gulf. In 2004, the Coast Guard increased its law enforcement detachment (LEDET) presence in this region. Working alongside U.S. Navy and allied naval units, they supported the naval component commander's ability to prosecute the war on terrorism at sea. The Coast Guard continued deployments to Guantanamo Bay, Cuba to provide port security to DoD operations. Detachments from Maritime Safety and Security Teams (MSSTs) and PSUs were used to fulfill this commitment. At the request of Southern Command, Coast Guard forces repositioned cutters around Haiti as internal unrest led to the departure of Haitian President Aristide. The presence of these forces played a direct role in averting a mass migration.

Coast Guard cutters and other forces supported theater security cooperation under the National Security and Defense Strategies. Multinational exercises included annual Coast Guard cutter deployments with the U.S. Navy to the Caribbean, South America, and Central America and selected training assistance to 39 nations with mobile training teams worldwide. A major cutter deployed with U.S. Navy units in the Eastern Mediterranean and Black Sea. A high endurance cutter participated in multinational exercises in the Western Pacific.

The performance goal for the Coast Guard's Defense Readiness mission-program is to maintain a readiness level of two or better under the Navy Status of Resources and Training System (SORTS) reporting program. The goal measures the readiness of those Coast Guard assets that are included in DoD operation plans, such as WHECs, patrol boats, and PSUs.

The Coast Guard did not meet its target of 100% defense readiness this fiscal year falling from 78% to 76%. In analyzing its performance, the Coast Guard notes that PSU readiness decreased significantly from last year, largely accounting for the Coast Guard's overall decrease in performance. One of the primary contributors to the PSU readiness gap was staffing shortages among PSUs (end strength is currently only 63% of authorized levels), a problem that continues to occur after each PSU demobilization. New assignment policy guidance should improve overall strength levels, and improve overall defense readiness. The Coast Guard has already seen a 7% improvement in PSU end strength over the last eight months.



Budget in Brief

(Dollars are in millions) USCG Funding Accounts	FY 2004 Actual	FY 2005 Enacted	FY 2006 Request
OPERATING EXPENSES (OE) ^{1,4}	4,718	5,191	5,547
ACQUISITION, CONSTRUCTION & IMPROVEMENTS (AC&I) ^{2,5}	1,007	1,000	1,269
ENVIRONMENTAL COMPLIANCE & RESTORATION (EC&R) ²	17	17	12
ALTERATION OF BRIDGES (AB) ²	19	16	
RETIRED PAY (MANDATORY)	1,020	1,085	1,014
RESERVE TRAINING ²	94	113	119
RESEARCH, DEVELOPMENT, TEST & EVALUATION (RDT&E) ^{2,6}	15	19	
OIL SPILL RECOVERY (MANDATORY)	57	71	121
BOAT SAFETY (MANDATORY)	64	64	64
TOTAL³	7,012	7,576	8,146

¹ FY04 OE number includes \$80M for Operation Iraqi Freedom and \$23M for hurricane damages (P.L. 108-106). FY04 also includes two rescissions totaling \$98.8M (P.L. 108-199 & P.L. 108-90).

² FY04 AC&I includes rescissions of \$5.7M (P.L.108-199), \$14.4M (P.L. 108-07), a net transfer of \$60M from DoD (P.L. 108-87). Also includes EC&R rescission of \$100K; RT rescission of \$560K; AB rescission of \$114K; RDT&E rescission of \$88K (P.L. 108-199).

³ FY04 total includes \$1M from the Coast Guard's Gift Fund.

⁴ FY05 OE number includes \$33M Emergency Hurricane Supplemental (P.L. 108-324)

⁵ FY05 AC&I include a transfer of \$34M from DoD (P.L. 108-287) and a rescission of \$16M (P.L. 108-334).

⁶ FY06 RDT&E funding is consolidated within the DHS S&T account.

Operating Expenses

Funding requested in this account provides for the safety of the public, and the Coast Guard's work force, with an enhanced emphasis on its maritime homeland security mission. The bulk of the funding requested in this account supports the operations of the Coast Guard as it carries out its unique duties as a peacetime operating agency and a branch of the armed forces. To fulfill its mission, the Coast Guard employs multipurpose vessels, aircraft, and shore units, strategically located along the coasts and inland waterways of the United States and in selected areas overseas. Additionally, a portion of the funding requested in this account will be used by the Coast Guard to satisfy environmental compliance and restoration related obligations arising under chapter 19 of title 14 of the United States Code.

FY 2005 Budget Authority (dollars are in the thousands):	5,190,587
Base Decreases	
Termination of One-time Costs	- 34,733
Management and Technology Efficiencies	4,139
Emergency Hurricane Supplemental	-33,367
Subtotal Base Decreased	-63,961
Base Adjustments	
Annualization of FY05 Part-year Funding	73,834
Annualization of FY05 Part-year Pay Raise	31,776
Pay Inflation	
Mandatory Personnel Entitlements	127,581
Accrual Funding	15,942
Non-Pay Inflation	
Non-Pay Inflation	41,051
Operational Adjustments	19,508
Operating and Maintenance Funds for New Facilities	
Shore Facility Construction Follow-On	1,197
Patrol Boats Follow-On	5,552
Response Boat-Medium Follow-On	234
Great Lakes Icebreaker Follow-On	13,430
Operate C-130J	12,592
Maritime Domain Awareness Follow-On	14,218
Rescue 21 Follow-On	8,596
Airborne Use of Force Follow-On	5,881
Maritime Law Enforcement School Relocation to FLETC Follow-On	2,202
Operate Maritimes Security Cutter – Large (WMSL)	11,300
Deepwater C4ISR Upgrades – Follow-On	32,450
Base Re-Allocations	
Operate E-MSST (\$20.8 Million Base Re-Allocation)	0
Subtotal Base Adjustments	417,344

Budget in Brief—Continued

Transfers To and From Other Accounts

Transfer Polar Icebreaker Funding to NSF	-47,500
National Drug Intelligence Center – DOJ Transfer to CG	626
Subtotal Transfers	-46,874

Program Changes (New/Enhanced/Restoration Initiatives)

Implement Maritime Strategy for Homeland Security

Increase Operational Presence and Response Posture	
Increase Port Presence and Liquefied Natural Gas (LNG) Transport Security	11,000
Enhanced Cutter Boat Response	10,108
Enhance Rad/Nuc Detection	7,000
Enhance Maritime Domain Awareness	
Common Operation Picture	5,700
Increase Maritime Patrol Aircraft Operations	16,496
Subtotal Program Changes	50,304
Total FY 2006 Changes	356,813
Operating Expenses – Total Budget Authority	5,547,400

Operating Expenses – Historical Funding Profile *(dollars in millions)*

<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
\$3,757.3	\$4,919.7	\$4,717.6	\$5,190.6	\$5,547.4

Acquisition, Construction and Improvements

Funding requested in this account will support the Coast Guard's continuing plans for fleet recapitalization and development of improved Coast Guard technologies, systems and methods.

The majority of the funding requested in this account provides for the acquisition, construction, and improvement of vessels, aircraft, information management resources, shore facilities and aids to navigation required to execute the Coast Guard's missions and achieve its performance goals.

Vessels – In FY 2006, the Coast Guard will continue the Response Boat-Medium project, replacing the existing, obsolete, non-standard utility boat fleet and providing additional capacity to perform Coast Guard missions.

Aircraft – In FY 2006, continued implementation of Airborne Use of Force in 2006 will significantly enhance the Coast Guard's maritime homeland security capabilities. Continued missionization of C-130J aircraft will enhance domain awareness by increasing maritime patrol aircraft capacity.

Deepwater – The Deepwater capability replacement project continues with full-scale development. In FY 2006, the Coast Guard will continue to acquire and build the Integrated Deepwater System.

Other Equipment – In FY 2006, the Coast Guard will invest in numerous management information and decision support systems that will result in increased efficiencies. Rescue 21, the

National Distress and Response System Modernization Project (NDRSMP), will continue. The Coast Guard will continue installation of the Automatic Identification System to improve maritime domain awareness nationwide. Recapitalization of the high frequency communications system will improve performance of all Coast Guard missions.

Shore Facilities – In FY 2006, the Coast Guard will invest in modern structures that are more energy-efficient, comply with regulatory codes, minimize follow-on maintenance requirements and replace existing dilapidated structures.

FY 2006 Request (dollars are in the thousands)

Vessels and Critical Infrastructure Projects	
Response Boat – Medium (RB-M)	22,000
Subtotal — Vessels	22,000
Integrated Deepwater Systems	
Aircraft	259,000
Surface Ships	522,400
C4ISR	74,400
Logistics	25,200
Systems Engineering & Integration	45,000
Government Program Management	40,000
Subtotal — Integrated Deepwater Systems	966,000

Continued on next page

Aircraft Projects	
Armed Helo for Homeland Security (CA)	19,902
C-130J Missionization	5,000
Subtotal — Aircraft Projects	24,902

FY 2006 Request (dollars are in the thousands)—*Continued*

Other Equipment	
Automatic Identification System	29,100
Rescue 21	101,000
HF Recap	10,000
Subtotal — Other Equipment	140,100

Shore Facilities and Aids to Navigation	
Survey and Design – Shore Operational and Support Projects	5,000
Minor AC&I Shore Construction Projects	3,000
Renovate USCGA Chase Hall Barracks Phase I	15,000
Replace Multi-Purpose Building — Group Long Island Sound	10,000
Construct Breakwater — Station Neah Bay	2,800
Waterways Aids to Navigation	3,900
Subtotal — Shore Facilities and Aids to Navigation Facilities	39,700

Personnel and Related Support Costs	
Direct Personnel Costs	75,950
AC&I Core	500
Subtotal — Personnel and Related Support Costs	76,450
Total FY 2006 Acquisition, Construction and Improvements Request	1,269,152

Acquisition, Construction and Improvements — Historical Funding Profile (dollars in millions)

<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
\$701.6	\$720.3	\$1,007.1	\$1,000.2	\$1,269.1

Environmental Compliance & Restoration

The U.S. Coast Guard Environmental Compliance and Restoration account provides resources to carry out environmental compliance and restoration responsibilities resulting from the operation of former and current Coast Guard facilities. This program focuses on specific restoration projects, driven by the level of hazard posed to the environment and tempered by the demands of federal, state and local environmental regulatory agencies. Continuing compliance initiatives include meeting the more stringent emission requirements of the Clean Act Amendments of 1990, developing hazardous waste minimization strategies, pollution preventing shore facility improvement projects, performing proactive compliance audits to preclude regulatory action and prototyping of more environmentally friendly equipment.

EC&R — Historical Funding Profile *(dollars in millions)*

2002	2003	2004	2005	2006
\$16.9	\$16.9	\$16.9	\$16.9	\$12.0

Alteration of Bridges

This appropriation provides the Federal Government's share of the costs for altering or removing bridges determined to be obstructions to navigation. Alteration of obstructive highway bridges is eligible for funding from the Federal-Aid to Highways Program. The Coast Guard will continue to administer the bridge program, including making determinations regarding bridge obstructions to navigation. Generally, bridges to be altered were built with what are now insufficient vertical and/or horizontal clearances for free navigation on navigable waters of the United States. Currently, under the Truman-Hobbs Act of 1940, as amended, the U.S. Coast Guard shares the cost of altering railroad and publicly owned highway bridges, which obstruct the free movement of marine traffic. In addition, the U.S. Coast Guard exercises administrative control over the construction, maintenance and operation of bridges across navigable waters in the United States. No Funds are requested for Alteration of Bridges in FY 2006.

Alteration of Bridges — Historical Funding Profile *(dollars in millions)*

2002	2003	2004	2005	2006
\$15.4	\$17.1	\$19.1	\$16.0	--

Reserve Training

The Coast Guard Reserve Forces provide qualified personnel for response to conflict, national emergency, or natural and man-made disasters. Reserve Personnel maintain their readiness through realistic coordinated mobilization exercises, formal military training and duty alongside regular Coast Guard members during routine and emergency operations. The requested level of \$119 million provides resources to fully train, support and sustain a Selected Reserve force of **8,100** members. The Coast Guard is one of the five armed services and is a full partner on the Joint National Security Team. The Coast Guard's commitment in this area is demonstrated by the employment of Port Security Units (PSUs), consisting of active duty and reserve personnel, in response to Department of Defense requirements. This wartime or national security mission is a natural extension of the port safety function that the Coast Guard Reserve performs daily in peacetime. The Coast Guard Reserve also provides a cost-effective surge capacity for responses to human and natural disasters (e.g., hurricanes, flooding, earthquakes, immigration). Only the Coast Guard can simultaneously fill such maritime safety, maritime law enforcement and marine environmental protection roles. These unique capabilities are products of the Coast Guard's mission diversity, which the Reserve Personnel supplement as surge capacity for Coast Guard operations.

Reserve Training — Historical Funding Profile *(dollars in millions)*

2002	2003	2004	2005	2006
\$83.0	\$85.9	\$94.4	\$113.0	\$119.0

Research, Development, Test & Evaluation (RDT&E)

The Research, Development, Testing and Evaluation appropriation provides necessary funding to the Coast Guard for applied scientific research, development, test and evaluation, and for maintenance, rehabilitation, lease and operation of related facilities. To maximize the effective use of research and development resources for the entire Department of Homeland Security (DHS) while minimizing redundancies, the FY 2006 budget consolidates funding previously requested in the Coast Guard's Research, Development, Testing, and Evaluation account within the DHS Science and Technology Directorate (S&T). S&T will continue its productive relationship with the Coast Guard Research and Development Center in FY 2006, ensuring that the on-going research needs of the Coast Guard are met through reimbursable agreements and other appropriate funding mechanisms. The Coast Guard anticipates receiving approximately \$24 million in reimbursements from S&T in FY 2006, subject to competitive review of its research programs at the Departmental level.

Research, Development, Test & Evaluation — Historical Funding Profile *(dollars in millions)*

2002	2003	2004	2005	2006
\$20.2	\$21.9	\$14.9	\$18.5	--

Boat Safety [Aquatic Resources Trust Fund]

Boating Safety funds provide \$59 million for grants to States and national nonprofit public service organizations to develop and carry out recreational boating safety programs, and \$5 million for Coast Guard coordination of the National Recreational Boating Safety Program, established by the Federal Boat Safety Act of 1971, as amended.

Boat Safety — Historical Funding Profile *(dollars in millions)*

2002	2003	2004	2005	2006
\$64	\$65	\$64	\$64	\$64

Retired Pay

This appropriation provides funding to pay retired military personnel of the Coast Guard, Coast Guard Reserve and members of the former Lighthouse Service. It also makes payments to their survivors pursuant to the Retired Serviceman's Family Protection Plan and the Survivor Benefits Plan, payments for career status bonuses under the National Defense Authorization Act for FY 2000, the medical care of retirees and dependents — formerly financed by the Department of Health and Human Services under the Dependent's Medical Care Act — has been funded under this account.

Retired Pay — Historical Funding Profile *(dollars in millions)*

2002	2003	2004	2005	2006
\$876.3	\$889.0	\$1,020.0	\$1,085.4	\$1,014.0

Oil Spill Recovery, Coast Guard

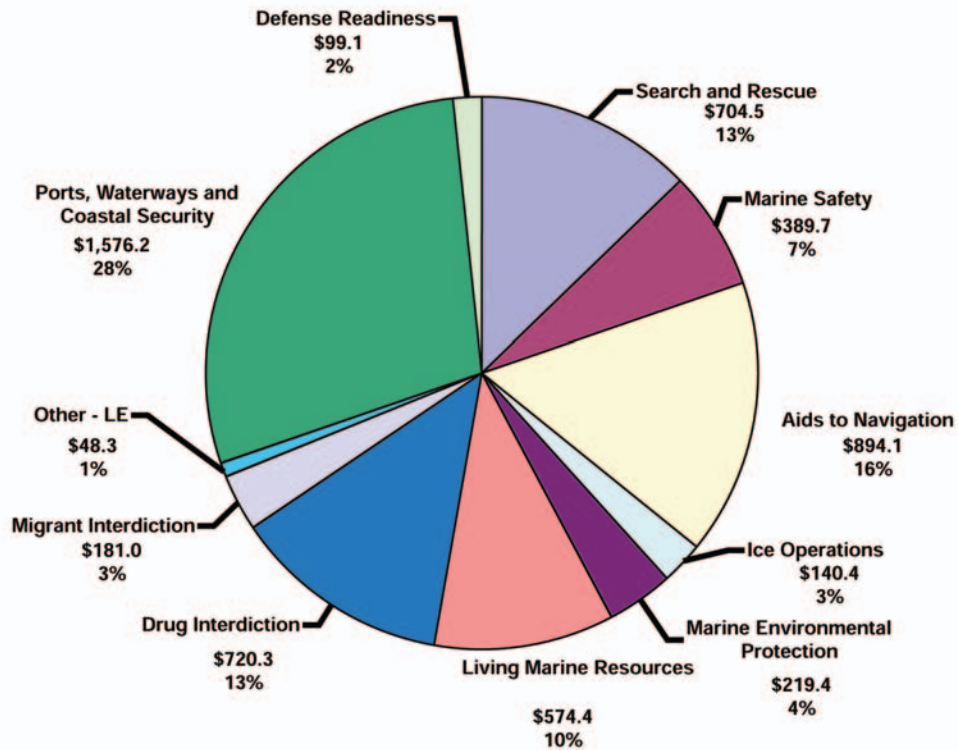
The Oil Spill Liability Trust Fund provides a source of funds for removal costs and damages, including assessment of damaged natural resources, paying claims and for federal expenses necessary to administer the Fund. In accordance with the provisions of the Oil Pollution Act of 1990, the fund may finance annually up to \$50 million for emergency resources and pay all valid claims from injured parties resulting from oil spills. The \$121.2 million FY 2006 request consists of \$50 million for emergency response costs, \$70 million for payment of claims and \$1.2 million for the Oil Spill Recovery Institute.

Oil Spill Recovery— Historical Funding Profile *(dollars in millions)*

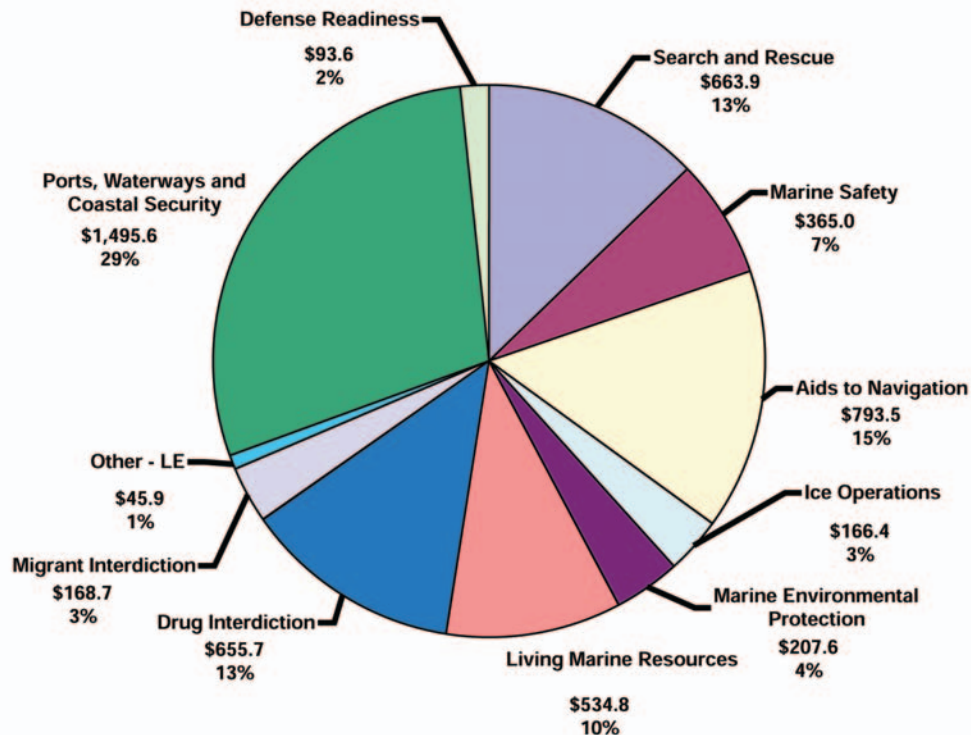
<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
\$67.8	\$75.1	\$56.9	\$71.0	\$121.2

Operating Expenses Budget by Major Programs

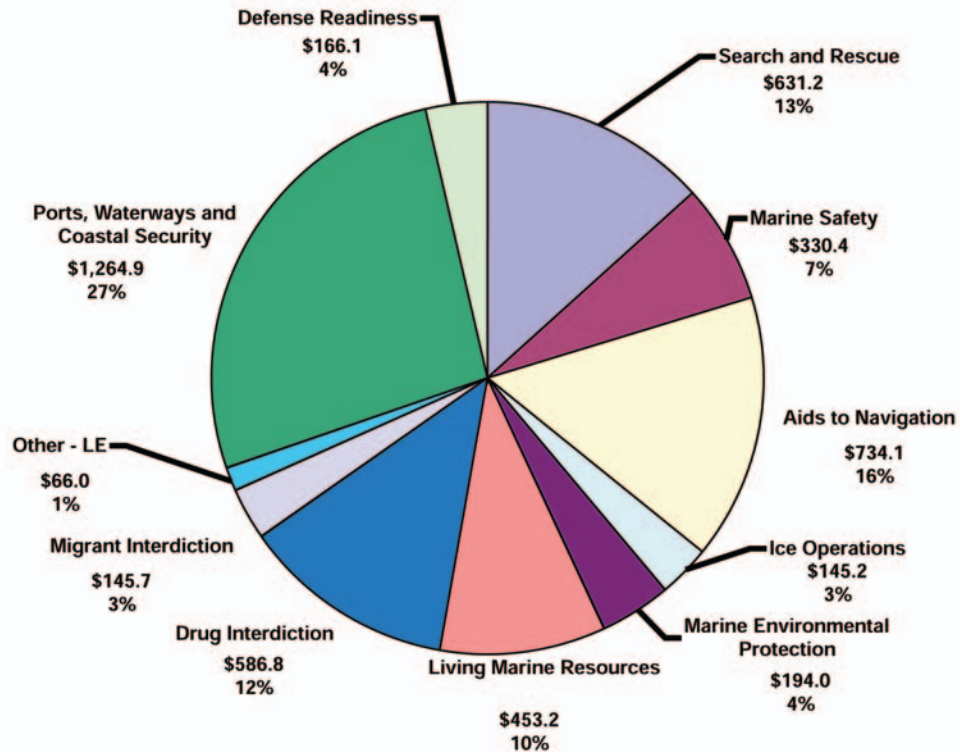
Operating Expenses Budget by Major Programs - 2006 Requested (Dollars in Millions)



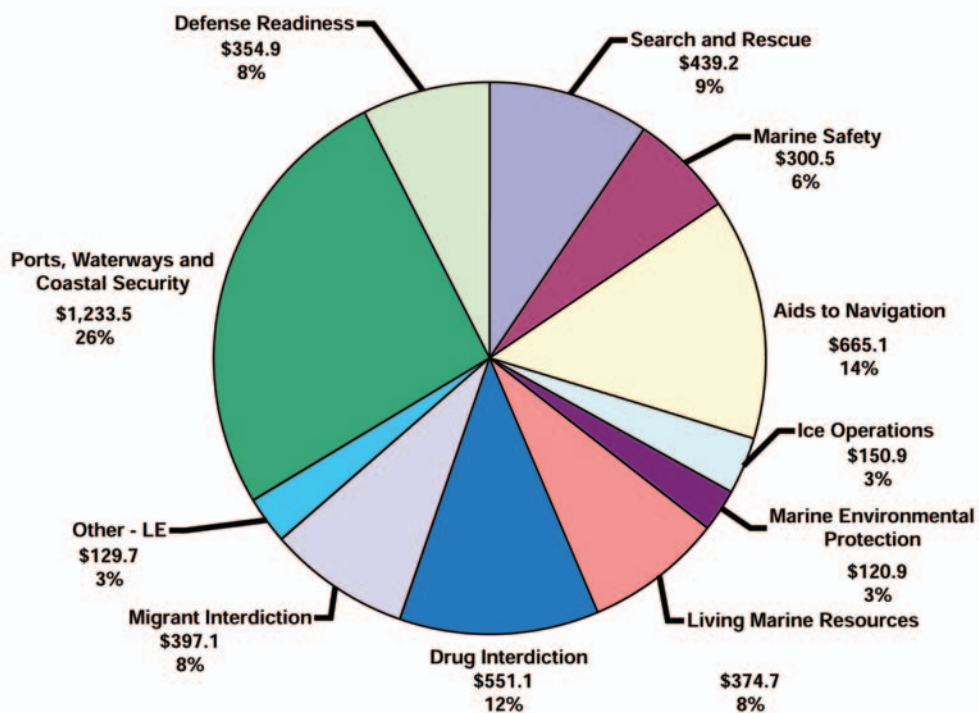
Operating Expenses Budget by Major Programs - 2005 Enacted (Dollars in Millions)



Operating Expenses Budget by Major Programs - FY 2004 Enacted (Dollars in Millions)



Operating Expenses Budget by Major Programs - 2004 Actual (Dollars in Millions)



TOOLS of the TRADE



Due to the Coast Guard's increased responsibilities within the Department of Homeland Security, the need to sustain core mission effectiveness is more critical than ever. Reversing the trend of deteriorating asset materiel condition and readiness as well as the recapitalization of the Coast Guard's inventory of major cutters, aircraft and their supporting systems is now a near-term national priority.

U.S. Coast Guard and Coast Guard Reserve



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**Commandant
U.S. Coast Guard
Washington, D.C. 20593**

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If you have any questions or concerns regarding this publication, please contact the CG-82 staff at (202) 267-2405.